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UNITED NATIONS

ECONOMIC DEVELOPMENT AND PLANNING IN ASIA AND THE FAR EAST

Industrialization

Economic Bulletin for Asia and the Far East
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EXPLANATORY NOTE

References to "tons" indicate metric tons, and to "dollars", United States dollars, unless otherwise stated.
The term "billion" signifies a thousand million.
The following symbols have been used in the tables throughout the report:
Three dots (...) indicate that data are not available or are not separately reported.
A dash (—) indicates that the amount is nil or negligible.
A blank in a table indicates that the item is not applicable.
A minus sign (–) indicates a deficit or decrease.
A full stop (.) is used to indicate decimals.
A comma (,) is used to distinguish thousands, millions and billions.
A hyphen (-) between dates representing years, e.g., 1950-1958, is used to signify the full period involved, including the beginning and end years.
A slash (/) indicates a crop year, fiscal year or plan year, e.g., 1957/58.

The crop years used by ECAFE countries in their agricultural statistics vary according to their agricultural seasons. Except in the more northern countries of the region, where calendar years are generally used, crop years are indicated by split years, running most commonly from the middle of one year to the middle of the following one. For purposes of international comparability, the Food and Agriculture Organization of the United Nations (FAO) uses a calendar year notation for all crops, including those which are partly harvested in the early months of the following year. In the *Survey* and *Bulletin*, the FAO notation is used. It must be made clear, however, that, in the case of paddy production, some countries actually harvest part of their crop in the early months of the following year.

The plan year in the ECAFE countries coincides with the fiscal year as given in the table below except for China: Taiwan where it coincides with the calendar year. The fiscal year for Pakistan (and so also the plan year) is planned to correspond with the calendar year from 1960 onward.

Where reference is made to the "ECAFE region", the countries listed below have generally been included, subject to limitation of data.

Country	*Fiscal year*	*Currency and abbreviation*	*United States cents per unit of currency at end of Sept. 1958*
Afghanistan	21 March to 20 March to 1955/56; 21 March to 31 August, in 1956; September to August, from 1956/57	Afghani	5.882
British Borneo[a]	January to December	Malayan dollar (M$)	32.67
Burma	April to March 1935-1941; October to September, from 1945	Kyat (K)	21.00
Cambodia	January to December	Riel (Ri)	2.857
Ceylon	October to September	Rupee (Rs)	21.00
China:			
Taiwan[b]	January to December, to 1953; January to June, 1954; July to June, from July 1954	New Taiwan dollar (NT$)	4.036[c]
Mainland[d]	January to December	Yuan	42.46
Federation of Malaya	January to December	Malayan dollar (M$)	32.67
Hong Kong	April to March	Hong Kong dollar (HK$)	17.50
India	April to March	Rupee (Rs)	21.00
Indonesia	January to December	Rupiah (Rp)	3.300[e]
Japan	April to March	Yen (¥)	0.278
Korea, southern[f]	April to March, to 1953/54; April to June, 1954/55; July to June (extended to December) 1955/56; January to December 1957	Hwan	0.20[c]
Laos	January to December	Kip (Kp)	2.857[g]
Nepal	July to June	Rupee (Rs)	16.41[c]
Pakistan	April to March	Rupee (Rs)	21.00
Philippines	July to June	Peso (P)	50.00
Singapore	January to December	Malayan dollar (M$)	32.67
Thailand	April to March, to 1939; April to December, 1940; January to December, from 1941	Baht	4.798[h]
Viet-Nam, southern[i]	January to December	Piastre (Pr)	2.857

[a] British Borneo includes the territories of Brunei, North Borneo and Sarawak.
[b] The area under the Government of the Republic of China.
[c] For further details on the exchange rates applicable to different types of transaction in China (Taiwan), southern Korea and Nepal, see chapter on the countries in *Economic Survey of Asia and the Far East, 1956;* also International Monetary Fund, *International Financial Statistics* (Washington D.C.).
[d] The area under the Central People's Government of the People's Republic of China.
[e] Principal export rate under the new system of exchange certificates which has become effective since 20 June 1957 (*International Financial Statistics*, 1958, p.143).
[f] The area under the Government of the Republic of Korea.
[g] From 10 October 1958, devalued to 1.25 US cents.
[h] Average of January-August 1958.
[i] The area under the Government of the Republic of Viet-Nam.

PROBLEMS OF INDUSTRIALIZATION IN RELATION TO ECONOMIC DEVELOPMENT IN THE COUNTRIES OF ASIA AND THE FAR EAST

I. THE ROLE OF INDUSTRIALIZATION IN ECONOMIC DEVELOPMENT[1]

The necessity for advancing the industrialization of under-developed countries, including those of the ECAFE region, is not in dispute. Political decisions, resting in the last analysis on an economic foundation, have already been taken. The process of industrialization is under way, and national and international efforts are being made to accelerate it. However, since these efforts, to be successful, must be strenuous, sustained and applied to many different points in the economy, it is still highly important in discussing industrialization to keep in perspective not only the results to be expected from this process but also the way in which other elements enter in as essential accompaniments or preconditions of it.

Industrialization means an absolute and relative growth in the importance of factories, mills, mines, power plants, railways and so on—in short, of manufacturing and closely related activities, especially activities involved in the building and operation of a modern economic infrastructure.[2] This growth is perhaps best measured in terms of employment. In the *long* run, as economic development proceeds, agriculture's share may well fall from 80 per cent or more of total national employment to 20 per cent or less of the total—though of course it cannot be predicted that so great a decline will take place in all cases[3]—while the combined shares of industry and other sectors, including all kinds of services, rise correspondingly. A second major criterion is the contribution of the respective sectors to national product; here again, a dramatic transformation may be expected as industrialization proceeds.[4]

Industrialization may be viewed as both a cause and a result of economic development. Economic development requires and implies higher productivity *per capita*. As productivity increases and incomes rise, the expenditure pattern will change: the demand for manufactured consumer goods, which has a high income elasticity, will rise rapidly—more rapidly, after a while, than the demand for food and primary products. This rise in the demand for manufactured products is likely to be particularly pronounced where development is accompanied by the transformation of a partial subsistence economy into a full monetary market economy. Moreover, increased productivity in sectors outside, as well as inside, industry itself will call for an increased application of manufactured producer goods—machinery, tools of all kinds, cement, structural steel, fertilizers.

A growth of markets is only one of the necessary preconditions for actual expansion of industrial production. However, it is not only the demand for manufactured goods that will increase rapidly; so will the technical capacity of producing manufactures, at least of the simpler kind. One can scarcely conceive of any general increase in productivity, with its associated improvements in skills, technical knowledge and institutions, which would not, among other things, involve an increased capability of producing manufactured goods of certain kinds. The development process, by increasing productive ability at the same time as it enlarges markets, virtually assures the rise of industries.

This increase in the relative importance of industries, as seen in the employment structure, need not necessarily characterize economic development through all its stages. Other sectors—trade, distribution, transport, banking, administration or others—may very well increase, in some periods, at a faster rate than industry proper; and there may be stages in economic growth where industry ceases altogether to become relatively more important in the employment structure. However, as long as we are mainly concerned with economic growth from levels of *per capita* national income as low as those common in

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[1] Revision of E/CN.11/DPWP.4/L.3, a paper prepared for the fourth session of the Working Party on Economic Development and Planning by the ECAFE secretariat.

[2] The ECAFE Working Party at its fourth session held at Bangkok from 2 to 13 September 1958, agreed that, for the purpose of its discussions, the term "industrialization" should be taken to mean the growth of manufacturing industry, although the process was generally associated with mining and involved the growth of other forms of activity such as power, transport and communications. See below, page 7.

[3] Among other things, some problems of definition arise. As noted below, advanced agriculture may itself become essentially a branch of industry. It should also be noted that the percentage figures for agriculture in under-developed countries undoubtedly include considerable rural construction as well as some rural transport and other services.

[4] Some illustrative percentages of (1) share in employment, and (2) contribution to gross domestic product (net domestic product in the case of India, Japan and Pakistan):

	Agriculture, forestry, fishing		*Manufacturing & mining*	
	Employment	*GDP*	*Employment*	*GDP*
Thailand (1947)	84.8	60.3	2.2	10.5
Pakistan (1951)	76.5	60.5 (NDP)	6.4	6.8 (NDP)
India (1951)	70.6	50.3 (NDP)	9.6	16.8 (NDP)[a]
Japan (1955)	41.1	22.0 (NDP)	19.2	25.9 (NDP)
USA (1950)	12.2	6.4	28.5	30.4
UK (1951)	4.9	5.7	41.2	43.0

[a] Including construction.

the ECAFE region today, and within the framework of existing technologies, we may safely assume that industrialization in the sense of an increasing share of the employed population in industry is an inevitable result of economic development.

In terms of shares of national product, as contrasted with shares of national employment, the moment at which industrialization, strictly defined, reaches a plateau may arrive somewhat earlier, if productivity per employee thereafter increases faster in trade, distribution, administration and so on.[5] The precise relation between the rising curves of industrial employment and industrial product in any given case will, of course, depend on a whole complex of factors, including such things as the policy on labour-intensive *versus* capital-intensive methods and the policy on consumer goods *versus* capital goods industries.

Account must of course be taken of foreign trade. It would be possible theoretically for a country to reach high *per capita* income levels, say $600–1,000,[6] while still keeping 70 or 80 per cent of its population in agriculture. Rural communities of North American, Australian and European farmers exist at such income levels. But for whole countries—as distinct from communities — to maintain such prosperity on that basis would presuppose an extraordinarily heavy volume of international trade. This would be necessary both in order to dispose of the surplus output of an agriculture carried on at such high levels of productivity (granting, for argument's sake, that it could be disposed of without seriously depressing prices and worsening the country's terms of trade) and also to satisfy the high domestic demand at that income level for manufactured consumption goods and capital goods. In practice, countries—as distinct from communities within countries—could not have the requisite volume of international trade. To illustrate, at present levels of technology a country could combine a *per capita* income of $1,000 per annum with 80 per cent of the population in agriculture only by carrying on a volume of trade (exports and imports combined) about as large as its total Gross National Product (GNP). To achieve a *per capita* national income of $2,000 with 80 per cent of its working force in agriculture, something approaching two-thirds of GNP would have to be exported. The position of such a country would be unstable and abnormal in the extreme. Even sizable units within countries—where there is no question of trade barriers with other units, nor of political dangers in excessive specialization—apparently do not, for various reasons, maintain the bulk of their population in agriculture when they reach high levels of productivity. The state of Iowa, for example, has only 28 per cent of its total employment in agriculture, even though it exports its vast agricultural production to the rest of the United States.

This reference to the limited practical effect of foreign trade in modifying the ultimate employment structure of countries should not be misinterpreted. Foreign trade is vital as a method of obtaining the initial finance, particularly the foreign exchange, required to support the process of growth which will lead to this ultimate position. In this respect, its importance can hardly be overrated. In the nature of things, the need for foreign exchange will mean, for most under-developed countries, a need to export primary products, and hence to employ more people in agriculture than would be required in a closed economy. But ultimately, economic growth, achieved with the help of foreign trade, is bound to shift employment, and to a lesser extent national income, away from agriculture and towards industries. That this will happen, and that it is at the same time perfectly compatible with continued major exports of primary products, is illustrated by the cases of Australia and New Zealand.

In short, industrialization, as a phenomenon involving major changes in the ultimate employment structure and the ultimate income composition, is inevitable and obvious in a developing country. Indeed, in that sense, economic development *is* industrialization. Moreover, at more advanced levels the technique of production in agriculture itself becomes "industrialized". Especially in countries where the density of agricultural population is low, advanced agriculture is essentially a branch of industry.

It should not be inferred, of course, that industrialization is merely a passive result of economic development. It is obviously also a major interacting and causal factor in the central process. First, reflecting as it does conditions of demand and supply, the value of the *per capita* product is normally higher in industry than in agriculture, so that a change in employment *proportions* in favour of industry tends to bring an increase in *total* national product. Second, the indirect contributions by way of the repercussions on other aspects of economic progress are many.

Two such contributions of industrialization should in particular be kept in mind, both of them being related to the fact that it provides the major means whereby more diversification can be introduced into an underdeveloped economy. First, it helps bring greater stability. This is especially important for countries heavily dependent on exporting one or two primary products and hence highly vulnerable to fluctuations in the world market. Second, industrialization creates numerous and varied new employment opportunities—which it may frequently be more realistic to consider as a process of addition rather than as one of substitution. This consideration is of particular importance to countries where population pressure is heavy and rural under-employment a serious problem, as can be seen from the fact that increased employment generally figures in the plans of these countries as a major objective in itself.

These things having been said, it is important that a warning be sounded against any mystical belief that industrialization is the high road, at all stages, towards reaching the goal of economic development. The causal relationships are far more complex. To understand why this is so, it is only necessary to face up to the question: Why is it that the employment structure of the underdeveloped countries of today is primarily agricultural? Why are they not "industrialized"?

[5] Again, the advent of new labour saving technologies, such as automation, might bring industrialization, in the employment sense, to a stopping point sooner than would otherwise be the case, but the importance of this must still be a matter of speculation at present.

[6] Conceptual problems involved in such income conversions to a US dollar basis are here ignored.

The broad answer to this question is as follows: Under-developed countries have their specific employment structure, with most of their people in agriculture and few in industries, because this structure corresponds to their low levels of productivity and to the attitudes associated therewith. At low productivity levels, most of the population is engaged in feeding itself and producing the essential minimum of agricultural raw materials for clothing and housing, and also the agricultural export crops on which the satisfaction of basic import needs depends. Productivity being so low, very few people seem obviously surplus to the requirements of these basic tasks and available for the production of manufactured goods. Similarly, on the demand side, there is a low level of real incomes and a low demand for manufactured goods, and hence for workers in manufacturing. Apart from the low level of real incomes, the lack of markets for manufactured goods is further accentuated by the absence of market institutions and the failure of many of these economies to develop into integrated exchange economies, owing to the absence of transport facilities and to the dominance of subsistence farming. Thus, the low level of productivity and the non-industrialized employment structure form a low-level equilibrium in under-developed countries. A relentless increase of population, combined with a likelihood of diminishing returns in agriculture, is particularly instrumental in creating this trap, or "vicious circle".

The essential precondition[7] for escaping from this trap should be clear from the foregoing analysis. Since the absence of industrialization is not a matter of accident, but rather an inevitable consequence and reflection of the low level of productivity of under-developed countries, the essential precondition for development *and* for industrialization is a rise in productivity. In an economy where 70-80 per cent of the people are employed in agriculture, the raising of productivity is largely a question of raising agricultural productivity. Apart from such windfalls as oil revenues or foreign aid, which are of course highly important in some cases, it is basically only by raising agricultural productivity that the necessary conditions for industrialization can be created. The incomes created by industrialization will increase the demand for food; the new industries will need agricultural raw materials; the equipment for the new industries will require foreign exchange and thus will generally require exports, partly if not largely, of agricultural products; the withdrawal of people from agriculture would imply and necessitate an increase in *per capita* agricultural output even in the absence of additional demand; the farmers themselves, once their real incomes rise and the pressure of population on the family farms diminishes, will increase their consumption of food and of manufactured products embodying agricultural materials.

In these multiple ways, industrialization depends on higher productivity, and particularly on higher agricultural productivity. (This, of course, is not meant to deny that increases in agricultural productivity are in turn fed by the progress of industrialization.) Just as a non-industrialized employment structure and composition of national income reflects a low state of productivity, so must a transformation of the employment structure and of the composition of national income in the direction of industrialization be accompanied and buttressed by rising levels of productivity. A situation in which industrialization is carried forward in the teeth of an insufficient increase in productivity is not beneficial to the country itself nor even tenable in the long run except at the cost of great social dislocation, including inflation, food shortages and a constant drain on the national resources to maintain non-viable high-cost industries.

Thus, while there should be no room for dispute about industrialization as a proper main objective of economic development planning, there should equally be no dispute about the necessity to increase productivity, including particularly agricultural productivity, as the *conditio sine qua non* of sound industrialization.

A qualification must be added, however. Technical possibilities of higher productivity are relatively meaningless unless a society has in it the urge to escape from poverty and to drive forward towards higher standards of living. If it has this urge, there is room, within limits, for "boot-strap" elements in the process of industrialization—elements which seemingly avoid the necessity for *prior* productivity gains. First, since the net value of output per person in industry tends to be higher than in agriculture (more particularly, of course, in over-populated countries), any successful transfer of labour from agriculture to industry soon *contributes* to higher productivity, so that a certain cumulative element is introduced into the process which can be utilized by good development planning. Second, in industry the scope for internal as well as external economies is greater than in other sectors, and certainly greater than in agriculture. As industrialization proceeds, therefore, economies of scale and inter-industrial linkages become more pronounced, and here again good development planning can take advantage of such economies and such linkages. Third, industrialization is associated with the development of mechanical knowledge, attitudes and skills of industrial work, with experience of industrial management and with other attributes of a modern society which in turn are beneficial to the growth of productivity in agriculture, trade, distribution and other related sectors of the economy. Finally, there can be a valid "infant industry" argument: the productivity basis for industrialization may essentially be there, but it may have been obscured by the very fact that the country is a late comer into the field which means that its young industries have to face the competition of firmly established competitors enjoying internal and external economies of scale and historical experience. The growth of industries itself and the acquisition of experience may then create the initially lacking productivity.

It should be emphasized that the existence of such "boot-strap" elements in the process of industrialization in no way alters the fact that industrialization requires and must be related to growth of productivity in the economy. The feedback effects mentioned in the preceding paragraph are helpful in making the process cumulative, but they do not make it possible to industrialize if the growth of productivity is insufficient.

[7] Or, at least, the essential accompanying condition. Absolute priority need not always be involved. See the discussion of "boot-strap" operations, below.

A further word may be said in conclusion about the role of foreign trade. Historically, the development of an export crop (whether an agricultural or a mining "crop") has been one of the chief methods by which the productivity basis for industrialization has been created. These exports have not only been of major importance in earning foreign exchange, as already noted, but have raised incomes and created an actual demand for imports of clothing, processed food and other manufactured goods including machinery. They have thus built up a domestic market which could subsequently be transferred to domestic industries—where necessary, in the shelter of protectionist measures of different kinds. In this way, industrialization through import substitution has had the benefit of pre-existing markets; the markets have not had to be created in the very process of industrialization itself.

Equally important, by encouraging a country to specialize in the things in which it is relatively more efficient, foreign trade helps it to lay the productivity basis for a subsequent sound cumulative industrialization. Conservation and utilization of natural trading advantages are thus important. Industrialization should be programmed with this consideration in mind.

II. THE PRESENT STATE OF, AND PLANS FOR, INDUSTRIAL DEVELOPMENT IN THE COUNTRIES OF THE ECAFE REGION[8]

The present state of industrialization[9]

THE RELATIVE ROLE OF INDUSTRY

Although a number of countries of the ECAFE region have made remarkable progress in industrial development, especially in the postwar period, the relative position of industry[10] in the pattern of production of the region in general is still of rather minor importance as compared with the dominant role of agriculture. The relative weight of industry appears substantial only in the case of Japan (and also of Hong Kong), where the contribution of industrial output is more than one-third of the national product (see table 1).

To the extent that the relative share of industry in the national product is an indicator for the stage of industrialization, China (mainland and Taiwan) is in the most advanced stage among the remaining countries, the industrial output occupying 20-25 per cent of the national output. In other countries such as India and the Philippines the share of industries is close to 20 per cent. At the other end of the scale are many countries in which industrial production still accounts for less than 10 per cent of the domestic output. In between come Burma, the Federation of Malaya, southern Korea, Pakistan, Thailand and southern Viet-Nam. In general, the rate of industrial growth tends to be higher in countries which already have a fairly well-developed industrial base. However, among the countries in the intermediate group, Pakistan, the Philippines and Thailand have recently shown a remarkable increase in the relative share of industrial output, whereas this share has not shown marked changes in Burma and southern Korea.

While the relative share of agricultural activity is declining at least in the Federation of Malaya, India, Pakistan, the Philippines and Thailand, this sector is still predominant in the region. In most cases, it accounts for more than 40 per cent of the national product. Apart from industrialized Japan, only China (Taiwan) has reduced the share of agricultural production to below 35 per cent of the national income. In Japan, the proportion is declining to below 20 per cent.

Though most of the data assembled in table 2 are not sufficiently accurate to permit close comparison, they may still convey a broad picture of the present employment structure of the region. The overwhelming importance of agriculture is borne out by the fact that in most countries agricultural employment constitutes 60 per cent and upwards of the gainfully employed labour force. Again, the relative weight of manufacturing employment in Japan, Singapore and Hong Kong is more than two to three times the figure in most other countries. Since, however, industrializatin involves a transfer of productive resources from agriculture to other sectors, the relative shares of manufacturing and agriculture in the employment structure are undergoing a remarkable change in those countries which have seriously embarked upon industrialization. In China (Taiwan), for example, the proportion of manufacturing employment rose from below 6 per cent in 1947 to over 8 per cent in 1957, while the share of the labour force in agriculture declined from 67 per cent to 58 per cent. Japan also has shown a significant shift from agriculture in the postwar period, the proportion of employment in agriculture being reduced from 54.2 per cent in 1947 to 41.2 per cent in 1956.[11]

[8] Revision of E/CN.11/DPWP.4/L.4, a paper prepared for the fourth session of the Working Party on Economic Development and Planning by the ECAFE secretariat.

[9] In some important respects, mainland China is excluded from analysis in this section owing to limitations in the available data.

[10] Industry, or secondary industry, as these terms are used in this paper, generally includes manufacturing, mining and construction. Regarding the qualifications on the comparability of such data on mainland China as are given, see United Nations, *Economic Survey of Asia and the Far East, 1957*, p.86.

[11] A further reduction to 35.7 per cent in fiscal year 1962 is contemplated in the new long-range economic plan of Japan. In that year the proportion of employment in industries is planned to increase to 29.9 per cent as compared with 28.7 per cent in fiscal year 1956 and 23.2 per cent in 1947. The current development plans of China (mainland and Taiwan), India, Pakistan and the Philippines also incorporate specific employment targets for industry.

Table 1

ECAFE Countries: Structure of Production

(Percentage distribution of net domestic product, by industrial origin)

Country and year	Mining	Manufacturing	Construction	Mining, manufacturing and construction	Agriculture, forestry and fishing	others[a]
	1	2	3	4=1+2+3	5	6
Burma[b]:						
1951	1.57	10.30	2.57	14.44	46.42[c]	39.13
1953	1.36	10.17	2.86	14.37	43.07[c]	42.53
1957	1.58	10.83	3.20	15.62	42.24	42.14
China (Taiwan):						
1950	1.13	13.98	5.39	20.50	36.34	43.16
1953	1.55	14.30	4.22	20.07	39.39	39.42
1957	2.35	18.43	4.82	25.60	32.68	41.73
Hong Kong[d]						
1954	0.38	32.83	3.28	36.49	2.90	60.61
India:						
1949	0.66	15.95		16.61	49.72[c]	33.67
1953	0.95	15.94		16.89	50.67[c]	32.44
1955	1.04	18.34		19.38	43.73[c]	36.89
Japan:						
1949	2.52	25.86	3.73	32.10	27.43	40.47
1953	2.97	24.24	4.74	31.95	22.00	46.05
1956	2.29	26.09	4.74	33.13	18.45	48.42
Korea, southern[b]:						
1953	1.99	12.08	1.21[f]	15.28	42.88	41.84
1956	1.39	11.80	2.30	15.49	42.37	42.14
Malaya[g]:						
1949	7.50			7.50[h]	37.78	54.72[h]
1953	6.02			6.02[h]	39.76	54.22[h]
Pakistan[i]:						
1949/50	0.1	6.9	...	7.0	60.7	32.3
1953/54	0.2	9.0	...	9.2	60.0	30.8
1956/57	0.2	11.3	...	11.51	58.3	30.2
Philippines[d]:						
1949	0.73	8.05	5.05	13.84	42.24	43.92
1953	1.53	11.89	3.36	16.78	42.89	40.33
1956	1.69	14.37	3.12	19.18	39.86	40.96
Thailand[b]:						
1949	1.32	11.46	0.23	13.01	60.06	26.93
1953	1.61	12.29	3.02	16.92	46.54	36.54
1955	1.56	12.65	2.88	17.10	45.20	37.70
Viet-Nam, southern[b]:						
1955	0.60	10.93	0.64	12.17	29.34	58.49

Note: Calendar years for Ceylon, China (Taiwan), Federation of Malaya, Philippines, Thailand and southern Viet-Nam; fiscal years for Hong Kong, India, Japan and Pakistan (beginning 1 April), Burma (ending 30 September) and southern Korea (beginning 1 July).

[a] Comprising electricity, gas, water and sanitary services, commerce, transport, storage and communication and services.

[b] Gross domestic product at market price.

[c] Including milling and marketing of forest products.

[d] Net national product at factor cost.

[e] Including processing, marketing and anciliary activities performed by the farmer in respect of his own produce.

[f] Private sector only.

[g] Gross domestic product at factor cost.

[h] Including mining only, as manufacturing and construction is entered under "others".

[i] At 1949/50-1952/53 price.

Table 2.

ECAFE COUNTRIES: EMPLOYMENT STRUCTURE

(Percentage distribution of economically active population)

Country and year	*Mining and quarrying* 1	*Manufacturing* 2	*Construction* 3	*Total* 4=1+2+3	*Agriculture, forestry hunting and fishing* 5	*others*[a] 6
Ceylon:						
1946	0.4	11.2[b]		11.6	59.2	29.2
China (Taiwan):						
1947	1.1	5.8	...	6.9	67.5	25.6
1954	1.7	8.5	...	10.2	59.8	30.0
1957	2.4	8.3	...	10.7	57.7	31.6
India:						
1951	0.5	9.0	1.1	10.6	70.6	18.8
Japan:						
1947	2.0	17.4	4.0	23.4	54.2	22.4
1950	1.6	17.3	4.3	23.2	48.4	28.4
1955	1.4	17.8	4.6	23.8	41.1	35.1
1956	1.1	18.1	4.3	23.5	41.2	35.3
Malaya, Federation of						
1947	2.5	7.1	0.7	10.3	65.1	24.6
Pakistan:						
1951	0.1	6.6	0.9[b]	7.6	79.4	13.0
Philippines:						
1948	0.2	6.7	2.0	8.9	71.8	19.3[c]
Singapore						
1947	0.4	17.2	2.2	19.8	8.4	71.8
Thailand:						
1947	0.1	2.2	0.1	2.4	85.8	11.8

Source: United Nations, *Demographic Yearbook 1957* and *Statistical Yearbook 1957;* except for China (Taiwan), *The Taiwan Economic Indicators, No. 2 (for 1947)* and "Some Basic information about Industry" prepared by the Industrial Development Commission, Economic Stabilization Board (for 1954 & 1957) and for Japan, *Monthly report on the labour survey for Japan* (for 1956).

[a] Comprising electricity, gas, water and sanitary services, commerce, transport, storage and communication and services.

[b] Including electricity, gas, water and sanitary services.

[c] Excluding electricity, gas, water and sanitary services.

THE PATTERN OF MANUFACTURING PRODUCTION

At the present stage, manufacturing in the countries of the ECAFE region is dominated by the existence of a great number of small establishments (see table 3). In both Indonesia and Japan—in spite of their different levels of industrial development—perhaps 80 per cent or more of all establishments engage less than 20 workers. They also account for about one-third of total employment.[12] This is in striking contrast with the United States of America where such small-scale industries, though still representing a high percentage of total establishments, account for only 7.5 per cent of manufacturing employment, and where establishments employing more than 250 employees, although accounting for only 4 per cent of the total number of establishments, contribute about 60 per cent of total manufacturing employment. The percentage of such large-scale enterprises in the total number of manufacturing establishments, as well as in manufacturing employment, is generally much less in the ECAFE countries.

Table 3.

ECAFE COUNTRIES: PERCENTAGE DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYMENT IN MANUFACTURING, BY SIZE OF PLANTS

Country and year	*Workers below 20* *Establishments*	*Employment*	*Workers above 200* *Establishments*	*Employment*
China (Taiwan), 1954 ...	95.9	...	0.2	...
India, 1955[a]	...	...	12.1[b]	78.0
Indonesia, 1955	80.0[c]	33.0	2.5[d]	30.4
Japan, 1955	89.1	32.8	0.7	32.5
Korea, southern, 1955 ..	73.3[e]	29.4	0.8	20.1
Pakistan (West), 1954[a] ..	...	...	4.4	60.6
Philippines, 1956	74.6[f]	26.7	...	...
United States of America, 1954	68.2	7.5	4.0	58.0

Source: Compiled from information supplied by the respective Governments in connexion with ECAFE's Working Party on Economic Development and Planning (fourth session) except for: Pakistan, "Census of Manufacturing 1954", *Statistical Bulletin,* Central Statistical Office (May 1957); Philippines, *Survey of Manufactures, 1956,* Bureau of Census and Statistics and United States, *Statistical Abstract of the United States 1957.*

[a] Relating to factories employing 20 or more workers on any day during the preceding year. Information about establishments employing less than 20 workers is not available.

[b] Above 250 workers.

[c] Below 50 workers.

[d] Above 249 workers.

[e] Below 19 workers.

[f] Above 5 workers.

[12] The data for some countries shown in table 3 (India and Pakistan) do not take into account handicraft and cottage industries. In Pakistan, for instance, employment in 1953 in cottage industries amounted to 1,176,000 workers (of whom 779,000 were in food and textiles) as compared to 200,000 in establishments operated by power. In India, large industries reportedly account for only 2 per cent of total employment as against 10 per cent in cottage industries. The data are therefore not strictly comparable with the data of other countries such as Japan which cover the entire field of manufacturing activity.

Judging by the prevalence of small establishments, it may be inferred that the amount of investment per worker is also relatively small. A variety of reasons for this fact may be enumerated, largely based on the peculiar factor endowments and the wage and price structure in the region. The generally low level of wages, together with the shortage of capital, very often makes it economical to employ more labour and less equipment per unit of production than would be the case in the West. Furthermore, the generally small size of the domestic market limits the use of mass production techniques requiring large investment per worker. The point may be illustrated by the fact that the *installed value* of fixed capital per worker in manufacturing is about $470 (1955) in India, as compared with *current annual expenditures* for new plant and equipment of $473 (1953) per employee in the United States of America.[13]

The early stage of industrial development typical of countries of the ECAFE region is also reflected in the structure of manufacturing industries, in which generally light consumer goods industries, especially food processing[14] and textiles, predominate. Taken together, the food and textile industries account for between 45 and 75 per cent of total employment in manufacturing in most countries of the region. This is again in contrast with the structure in highly industrialized countries such as the United States, where the food and textile industries represent only 17 per cent of total employment in manufacturing (1954). The pattern is equally striking in terms of output. The food and textile industries combined account for about 60 per cent of value added in manufacturing industries in China (Taiwan), India and southern Korea, Pakistan and the Philippines; and the share for most other countries is almost certainly much higher. For Japan, on the other hand, with its already highly developed industrial base, this contribution is less than 30 per cent (see table 4).

The metallurgical and engineering industries generally constitute a much less important part in the industrial structure of the region, employing less than 10 per cent of the labour force in manufacturing. Japan's metallurgical and engineering industries, however, account for more than one-third of manufacturing employment, which is comparable with a figure of about 40 per cent in the United States of America. Very recently, also, India and mainland China have embarked on an ambitious development of these industries. The metal using, as well as the chemical, industries are likewise beginning to assume a relatively important role in these countries, and considerable new investment is going into them.

It is sometimes considered that the successive stages of industrialization may be distinguished in terms of the changing ratios of output between the consumer goods and producer goods industries. By the criterion adopted by Walther Hoffmann, for example,[15] most of the countries of the ECAFE region are still in the first stage of industrial development. India and southern Korea[16] may be already in, and China (Taiwan) and the Philippines on the verge of, the second stage, in which the ratio of

[13] The following table also is illuminating:
Capital per person employed (in thousand of dollars at 1950 prices)

	USA	*India*
Alcoholic beverages	16.0	6.1
Bread/bakery products	5.0	3.5
Cotton yarn & cloth	8.7	1.8
Flour & gristmill products	39.1	5.6
Iron & steel	32.1	5.7
Sugar refinery	26.8	2.6
Wood pulp, paper and paper products	10.2	6.6

Source: United Nations, *Industrialization and Productivity*, Bulletin No. 1, 1958.

[14] Including beverages and tobacco.

[15] Walther Hoffmann, *Stadien und Typen der Industrialisierung: Ein Beitrag zur quantitativen Analyse historischer Wirtschaftsprozesse*, (Jena, 1931).

[16] Owing to the difference in the statistical coverage, the position of southern Korea is not very clear. Actually, the industrial pattern of southern Korea may be more comparable with that of the Philippines.

Table 4.

ECAFE Countries: Percentage Share in Value added by Manufacturing Industries

Industry	*China (Taiwan), 1956*	*India, 1954*	*Japan, 1955*	*Korea, southern, 1956*	*Pakistan, 1954*	*Philippines, 1956*	*Viet-Nam, southern, 1958*
A. Consumer goods:							
Food, beverages and tobacco	49.8	11.0	11.7	32.7	15.0	44.9	39.5
Textiles	17.0	50.7	16.2	17.8	46.7	4.5	41.2
Other leather, rubber, wood products	8.9	2.7	18.5	17.1	10.2	17.3	13.8
Total	75.7	64.4	46.4	67.6	71.9	66.7	94.5
B. Producer goods:							
Chemicals and non-metallic mineral products	12.7	12.5	19.0	18.4	11.8	14.6	4.1
Metals	4.7	13.3	15.7	4.3	4.1	4.5	—
Machinery	5.1	9.8	19.0	9.7	2.6	3.8	1.3
Total	22.5	35.6	53.7	32.4	18.5	22.9	5.4
C. Miscellaneous	1.8[a]	—	—	—	9.6[a]	10.3[a]	—
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from information supplied by the respective Governments in connexion with ECAFE's Working Party on Economic Development and Planning (fourth session). (In view of differences in definition and coverage, the classification must be rough, for example chemical products may include consumer goods, such as soap and matches).

[a] Including products of petroleum and coal and others.

consumer goods to producer goods industries approaches 2 to 1. Only Japan by this criterion, has reached the third and highest stage of industrial development, in which an approximate balance is struck between the two major categories of manufacturing industries. The mainland of China represents a special case. If we apply the same criterion—which to be sure concerns proportions within industry and not within the whole economy—and if the information on the modern industrial sector as given in table 5 can be regarded as reasonably comparable with the data of the other countries in table 4 (the correspondence is not exact, as can be seen from the footnote to the table), the first impression may well be that this country jumped from the first to the third stage of industrial development within a period of a few years; while in 1949 the ratio was clearly in the most elementary stage, the second stage was already reached in 1952 and the third stage in 1956. If, however, the entire manufacturing activity including handicraft production is taken into account, then in 1957 the planned output of the producer goods industries was only 38 per cent of the total industrial product and it will reach 50 per cent only in 1962, at the end of the second five-year plan. By this calculation, mainland China may be said to be still in the second stage of industrialization.

Table 5

MAINLAND CHINA: STRUCTURE OF MODERN MANUFACTURING INDUSTRIES,[a] IN TERMS OF GROSS PRODUCT

(Percentage)

Year	*Consumer goods*	*Producer goods*[b]
1949	71.2	28.8
1952	60.3	39.7
1953	58.8	41.2
1954	57.7	42.3
1955	54.0	46.0
1956	50.3	49.7
1957[c]	47.8	52.2

Source: State Statistical Bureau; State Economic Commission.

[a] Manufacturing output, commonly referred to in official sources as "industrial production", includes (1) the output of "modern industry" consisting of factories employing power-machinery and (2) the output of not-mechanized handicraft workshops; it excludes handicraft output by co-operatives and individual craftsmen, and by peasants engaging in "subsidiary rural production".

[b] "Means of production" industries in the original Chinese text—a Marxian term—may be best translated into "Producer goods" industries. However, the official translation (*Eighth National Congress of the Communist Party of China*, Volume I, p.234 [Peking, Foreign Language Press, 1956]) prefers the term "capital goods" industries which is more in accordance with the Western terminology today. Unfortunately, we are not in a position to ascertain the basic criterion actually adopted for this industrial classification. In a recent article by Wang Ssu-hua in *Economic Research*, Peking (No. 5, 15 May 1958), however, reference was made to the previous practice of placing "all kinds of raw materials like cotton yarn for making cloth and paper for printing purposes into the category of means of production".

[c] Estimate.

While the countries included in table 4, with the exception of Japan, thus show a preponderance of consumer goods industries, it is interesting to note the existence of two distinct sub-types of industrial structure. In China (Taiwan), southern Korea and the Philippines, where industrialization is mainly oriented to the domestically available raw materials, the food industries preponderate—as was the case, for example, in New Zealand in the 1920's or Belgium in the 1840's. On the other hand, the major part of the consumer goods industries in India and Pakistan is composed of textile production—as in Great Britain in the 1870's or Japan around 1900. Apart from the availability of raw materials, labour and traditional skills are the determining factors for this kind of industrial structure.

The fact that, in the immediate postwar period, efforts were concentrated on rehabilitating prewar industries centring around the processing of raw materials, is undoubtedly one of the reasons why, in various countries, the present manufacturing structure displays few drastic changes as compared with prewar. In Pakistan, for example, investment in consumer goods industries, of which food and textiles manufacturing are the main constituents, appears to be proceeding at a faster rate than in producer goods industries, the former accounting for 60 per cent of industrial investment since independence. In the Philippines, however, the share of food and textile industries in the total capital investment of newly registered firms in manufacturing declined from an annual average of 65.2 per cent in 1950-1953 to an average of 25.3 per cent in 1954-1957. In some countries which have explicitly laid emphasis in their development policies on agriculture, the industries complementary to agriculture retain their traditional position. Viewed from another angle, the spread of industry into unfamiliar fields tends to be comparatively slow, as it entails either the substitution of domestic production for more efficient foreign goods (e.g. machines or chemicals) or else the creation of new local demands. In these new fields of industrial venture, problems of technical know-how usually loom large, whereas in textiles and food processing there has long been a tradition of cottage industries to build upon.

THE PROGRESS OF INDUSTRIALIZATION

Analysis of the industrial production index for the region as a whole and for some individual countries reveals that in the past seven years the volume of industrial production has steadily expanded. The increase in industrial production in the region excluding mainland China has been significantly higher than the average increase for the world as a whole, all the more so if manufacturing only is taken into account. Whereas both industrial and manufacturing production in the world as a whole rose by 42 per cent from 1950 to 1957, in the area in question they rose by 133 per cent and 148 per cent respectively during the same period. As compared with population growth over that period equal to 10.6 per cent from 1950 to 1957, the rise in industrial production has clearly also been much greater. As compared with agricultural production, the same conclusion obviously holds. Whereas agricultural production increased by an annual average of 2.8 per cent during 1953/54—1955/56, industrial production rose from 1953 to 1956 by an annual average of 12.7 per cent.

Many countries in the region have developed industries, particularly in the food and textiles manufacturing sector, in order to achieve self-sufficiency in the supply of essential consumer goods. The availability of domestic raw materials has commonly been a major consideration, as exemplified by the cotton textile industry in India and Pakistan. The output of such consumer goods as sugar, soap, vegetable oils, matches and salt may be said to be on the whole sufficient to meet the existing level of demand in India, Indonesia, Pakistan, the Philippines and some other countries.

Though food and textile manufacturing are still leading in terms of absolute value, they are lagging behind the producer goods industries in terms of rate of growth. Whereas the outputs of salt, sugar, cotton yarn and cotton fabrics all increased by less than 80 per cent during the period 1950-1957, production of cement, steel and nitrogenous fertilizers rose by 182 per cent, 128 per cent and 122 per cent respectively in the same period.

The rapid recovery and subsequent expansion of Japan's industry has made a major contribution to the increase in industrial production in the region, but the increase in productive capacity in many other countries has also played an important part. Typical examples of basic changes are offered by China (both mainland and Taiwan) and India. In no other country of the region has industrialization progressed at a pace so rapid as is reportedly being achieved in mainland China. The first five-year plan (1953-1957) aimed at a doubling of gross industrial production, whereas gross agricultural production was to rise by one-fourth. More specifically, priority was given to heavy industry: the output of producer goods was to increase by 126.5 per cent as compared with 79.7 per cent for consumer goods. Actual achievements are reported to have exceeded these targets significantly. The same line is being followed by the second five-year plan (1958-1962), but agricultural production is now planned to increase by one-third during this plan period. In Taiwan also, encouraging progress in broadening the industrial structure was made under the first four-year plan (1953-1956); the target for industrial production in the plan was on the whole somewhat exceeded. Food and textile manufacturing increased by one-fourth,[17] while chemical production rose by almost 60 per cent during 1953-1957. Production of other major industrial items also shows rising trends. The value of industrial exports accounted for 12 per cent of total exports in 1956 as against only 3.6 per cent in 1952.

India has made considerable progress in diversifying its industrial structure under the first five-year plan (1951/52-1955/56). Though the major emphasis in industrial development in the past was on consumer goods manufacturing, development of basic industries has made rapid strides, notably in the field of engineering products. Thus, while the indexes of food and textile manufacturing increased by 32 per cent and 9 per cent respectively between 1953 and 1957, those for chemicals, non-electric machinery, electric machinery and transport equipment rose in the same period by 40 per cent, 270 per cent, 116 per cent and 147 per cent respectively. Achievements in manufacturing under the first plan, however, in general, fell short of the plan targets. Table 6 shows the increases which have been achieved in some major industrial products in China and India within the framework of the respective development plans. The rate of industrial growth as shown by this table has in general been higher in both parts of China than in India.

[17] Exports of cotton piecegoods increased strikingly, from 113 tons in 1954, when export was attempted for the first time, to 1,995 tons in 1957.

Table 6

SELECTED ECAFE COUNTRIES: PRODUCTION OF MAJOR INDUSTRIAL ITEMS

Country, year and percentage increase	*Power (thousand million kwh)*	*Steel (million tons)*	*Chemical fertilizers (thousand tons)*		*Cement (million tons)*	*Cotton yarn (thousand tons)*	*Cotton cloth (million metres)*	*Paper and paper board (thousand tons)*
			Ammonium sulphate	*Super-phosphate*				
CHINA:								
Taiwan:								
1952	1.42	0.02	6	62	0.45	14	88	30
1957	2.66	0.09	13	104	0.60	28	156	69
Increase	87	350	117	68	33	100	77	77
Mainland:								
1952	7.30	1.35	181	...	2.90	656	3,571	372
1957[a]	19.00	5.24	678	126	6.68	841	4,998	906
Increase	160	288	274	...	130	28	40	144
INDIA:								
1952	6.19	1.60	224	48	3.59	658	4,205	140
1957	10.87	1.74	386	144	5.69	807	4,862	213
Increase	75	9	72	200	58	23	16	52
JAPAN:								
1952	51.65	7.00	1,952	1,355	7.12	353	2,047	1,342
1957	77.71	12.60	2,481	1,864	15.18	517	3,513	2,962
Increase	50	80	27	38	113	46	72	121

Source: China (Taiwan)—*Industry of Free China;* China (Mainland)—New China News Agency, Press Release (Peking), 1 February 1958; *New China Semi-Monthly* (Peking), No. 6, 25 March 1958; India—Monthly Statistics of the Production of Selected Industries of India; Japan—*Japanese Economic Statistics,* Section 1.

[a] Estimate.

The manufacturing sector in highly industrialized Japan has in recent years displayed a marked shift to heavy industries. Whereas textile manufacturing increased at an annual rate of 14.4 per cent during 1950-1956, chemicals, metals and machinery accounted for annual growth rates of 21.8 per cent, 17.1 per cent and 20.0 per cent respectively. The difference in the rate of growth between the former and the latter sectors of manufacturing is to be accentuated in the new long-range economic development plan, though the rates themselves will be considerably slowed down.

The process of diversification of the industrial structure has also begun to gather strength in Pakistan. Progress has been particularly rapid in the light consumer industries. The country has not only achieved self-sufficiency in a number of manufactured consumer goods, but has also been able to develop an export capacity in some items, such as textiles and sports goods. In recent years, Pakistan has also been turning its attention towards the development of heavy industries such as iron and steel, chemicals, fertilizers and cement. Development of the latter industries is also being contemplated by Burma, Indonesia and the Philippines, though on a much more modest scale than in Pakistan. In other countries, changes in the industrial structure have been more limited, but an appreciable development of the light consumer goods industries is taking place.

Considering the generally small extent of industrialization today in relation to the broad range of natural resources, the scope for industrial expansion in the region is still very large, and the outlook is promising. Industrialization is, however, confronted by a series of obstacles. In addition to such major limiting factors as capital, foreign exchange, entrepreneurship and management, skilled labour and markets—which will be dealt with at length in a subsequent section[18]—the problem of the infrastructure, closely related with economic development in general and with industrialization in particular, is also especially important. The most pressing obstacle is perhaps the shortage of electric energy, which is common to almost the whole region. In fact, the low level of electricity consumption in the countries of the region is in itself an indicator of retarded manufacturing development (see table 7). Japan ranks highest, with a total electricity consumption which in 1955 was 10 times that of India and several thousand times that of some other countries in which manufacturing is still in a rudimentary stage of development. The table reveals, however, that electricity consumption has increased remarkably in recent times in China (Taiwan), India, Pakistan and the Philippines, mainly as a result of completion of major new power projects. Many countries of the region are also known to be experiencing serious difficulties in transport because of inadequate equipment. The lack of modern means of transport in many cases hampers the smooth flow of supplies of raw materials or limits the expansion of markets for industrial products.

As will be pointed out in the following sub-section, the importance of these basic facilities seems to have been recognized by many governments when allocating investment funds within the framework of their over-all economic development plans.

[18] See below, pp.25ff.

Table 7

ECAFE COUNTRIES: ELECTRIC CONSUMPTION FOR HEAVY AND LIGHT INDUSTRIES

(Millions of kilowatt-hours)

Country	*1951*	*1953*	*1955*
Afghanistan	...	21	21[a]
Cambodia	...	5	...
Ceylon	33	...	...
China (Taiwan)	688	905	1,111
Hong Kong	...	131	182
India	3,058	3,613	4,698
Indonesia	—	...	...
Japan	23,545[b]	29,217[b]	45,257
Korea, southern	282	303	379
Malaya	366	338[c]	435
North Borneo	...	...	0.65[a]
Pakistan	54	...	209
Philippines	51	90	259
Singapore	95	127	164
Thailand	...	...	38
Viet-Nam, southern	62[c]	49	54

Source: United Nations, *Electric Power in Asia and the Far East 1951-1955*, (1957.II.F.6; October 1957).

[a] 1954.

[b] Figures for nine power companies.

[c] 1952.

Industrial development plans

The present section surveys the various industrial plans of the ECAFE countries—or, to be more exact, the industrial component of their economic development plans—in terms of their main elements or salient features. For the sake of wider coverage in this discussion, the survey takes account of all the economic development plans which are in operation or likely to be implemented, and thus includes several which have not yet been formally approved by the governments concerned. The material comes under seven headings as follows: (*i*) the plans; (*ii*) objectives; (*iii*) planned rate of progress; (*iv*) foreign trade; (*v*) employment; (*vi*) capital formation; (*vii*) transport and power.

THE PLANS

Eleven countries of the region—Afghanistan, Burma, China (both Taiwan and mainland), Federation of Malaya, India, Indonesia, Japan, Nepal, Pakistan, Philippines and southern Viet-Nam[19] have formulated plans for their economic development, including development of the industrial sector. A table showing the title of the plan, period covered, status, policy board and planning agency is given below.

[19] The "Two year Equipment Plan" of Cambodia was for 1956-1957 only and a new five-year plan which is under preparation is expected to be released shortly. In Ceylon and southern Korea, new plans are being drawn up in place of older ones which are now largely inoperative. In Thailand a long-range economic development plan is likely to be formulated shortly, based on studies made at the request of the Government of Thailand by a mission from the International Bank for Reconstruction and Development.

The nature, contents and details of the plan differ considerably from country to country, and some considerations to be borne in mind may be mentioned at the outset. First, it is not always easy to define the precise status of these plans. Some of them (e.g. those of Afghanistan, China: Taiwan and mainland, Federation of Malaya, India and Nepal) have been formally adopted and remain unamended in print, yet the implementation may sometimes depart rather widely from the printed text. Some others, again (e.g. those of Burma, Indonesia, the Philippines and southern Viet-Nam) are still under consideration, or at any rate have not been formally approved, yet it would appear that some or even most of the schemes in the plan are in fact being implemented on an *ad hoc* basis.[20]

Second, as regards their general nature or scope, most of the plans in the region are confined to the activities proposed for the public sector, although some, e.g. those of China (Taiwan), India, Pakistan and the Philippines, attempt to give broad estimates of the expected developments in the private sector as well. The Japanese plan, on the other hand, is largely a projection of economic activity in the private sector; here "planning" and "implementation" assume a meaning quite different from that in other plans.

Third, the plans differ in the amount of detailed information they provide. Some are drawn up comprehensively, with quantitative data on all major items such as national income, population, investment sector by sector, planned targets of production and trade; others merely provide data on public expenditure or investment, and give inadequate idea of the industrial and economic development expected as a result of the plan.

Finally, the plans vary in their timing. Burma and China (Taiwan) have four-year plans, while all others are for a period of five years. Most of them, however, run roughly parallel, beginning in 1956 or 1957 and ending by 1960 or 1961. On the other hand, some countries like Burma, China (Taiwan and mainland) and India started planning earlier than the other ECAFE countries and are currently on their second plans—a fact of considerable importance for any appraisal.

[20] The discussion in this section is based, wherever possible, on the latest published plans.

Table 8

ECAFE COUNTRIES: ECONOMIC DEVELOPMENT PLANS

Country	*Title*	*Period*[a]	*Status*	*Policy board*[b]	*Planning agency*
Afghanistan	Five-year plan	1956/57-1960/61	Adopted, August 1956	...	Ministry of National Planning
Burma	Four-year implementation programme	1956/57-1959/60	Under consideration	National Planning Commission	Prime Minister's Office for National Planning
China:					
Taiwan	Second four-year plan for the economic development in Taiwan	1957-1960	Adopted by the Executive Yuan, May 1957	Executive Yuan	Economic Stabilization Board
Mainland	Second five-year plan	1958-1962	Adopted by the Chinese Communist Party, September 1956	State Council	State Planning Commission
Federation of Malaya	Five-year capital expenditure plan	1956-1960	Adopted, February 1957	Executive Council	Economic Committee of Executive Council
India	Second five-year plan	1956/57-1960/61	Adopted, May 1956	National Development Council	National Planning Commission
Indonesia	Five-year development plan	1956-1960	Subject to adoption by legislature	Economic and Planning Council	State Planning Bureau
Japan	New long-range economic plan	1958/59-1962/63	Adopted by the cabinet, December 1957	Cabinet	Economic Planning Agency
Nepal	Five-year plan	1956/57-1960/61	Adopted, October 1956	Cabinet Development Board	Planning Commission
Pakistan	First five-year plan	1955/56-1959/60	Adopted by the National Economic Council, April 1957	National Economic Council	Planning Board
Philippines	Five-year economic and social development programme	1957-1961	Adopted by the National Economic Council, January 1957	National Economic Council	Office of National Planning
Viet-Nam, southern	Five-year plan	1957-1961	Under consideration	...	...

[a] The plan year corresponds to the fiscal year as given in the "Explanatory note" at the beginning of this *Bulletin*.

[b] Subject to ultimate Cabinet authority.

For these various reasons, a comparative study of the plans has to be undertaken with caution, and confined, at this stage, to certain broad aspects.

Objectives

Economic and social advancement and higher standards of living are the general objectives of all the plans. Moreover, they all recognize the need to develop industries for the attainment of these objectives. However, whereas the Chinese (Taiwan and mainland) and the Indian plans place special emphasis on rapid industrialization as a means for attaining the desired goals, the others accord first priority to agricultural development or to the provision of basic facilities. In the case of industrially advanced Japan, the principal objective of the plan is to provide "full employment by accomplishing persistently the maximum rate of economic growth consistent with economic stability."[21]

Table 9

Planned Public Expenditure on Mining and Manufacturing Industries

(millions of national currency units)

Country and currency	*Total expenditure on the plan (1)*	*Total expenditure on mining and manufacturing industries (2)*	*Percentage of (2) to (1)*[a]
Afghanistan	10,062[b]	1,170[c]	11.6
Burma	2,510	307	12.2
China (Taiwan)	12,327	5,884	47.7
	(20,010)	(10,345)	(51.7)
Federation of Malaya	1,138.5	17.3	1.45
India	48,000	8,900	18.5
	(72,000)	(17,650)[d]	(24.5)
Indonesia	12,500	3,125	25.0
	(30,000)	(13,125)	(43.7)
Nepal	330	24	7.3
Pakistan	9,350	1,622	17.4
	(12,830)	(2,722)[e]	(21.2)
Philippines	1,960	433	23.3
	(5,060)	(2,161)	(42.7)
Viet-Nam, southern	17,500[f]	1,600[f]	9.1
	(36,000)	...	...

Note: Figures in brackets are for planned public and private expenditure combined.

[a] Table 6 on page 22 of the *Economic Survey of Asia and the Far East, 1957* also gives statistics of 'percentage of planned public expenditure on manufacturing and mining to total' which are somewhat different from those given above in respect of Afghanistan, Burma, China (Taiwan), India, Pakistan and the Philippines. Except in the case of India in respect of which a figures of 45.4 per cent was inserted inadvertently in the *Survey* table, this discrepaney is due to the fact that the figures given above are based on the revised and more up-to-date data.

[b] Relating to government development expenses.

[c] Obtained by adding expenditure figures on mining, industry and government enterprise.

[d] Private investment relates to organized industry and mining as well as village and small-scale industries.

[e] Private investment relates to large-scale industry only.

[f] As reported in *Asian Recorder,* February 1-7, 1958. The plan had not been officially released at the time of writing.

[21] Government of Japan, *New Long-range Economic Plan of Japan,* (1958) page 12: quoted from the English text.

Table 9 shows the proportion of planned public expenditure on mining and manufacturing industries to the total public expenditure on the plan. (Data on transport and power are summarized in table 12.) The percentage figures in table 9 do not by themselves, however, convey an accurate idea of the relative importance of industrial development in the various plans, but should be supplemented by a short account of the immediate objectives of industrial development in different instances. Diversification of the economy, saving or earning of foreign exchange, and the provision of employment are its widely shared objectives, but the plans differ considerably in the emphasis which they place on one or another aspect of industrialization.

Japan, which is already recognized as an industrially advanced nation, and mainland China and India, which are firmly set on the road to industrialization, place particular emphasis on the development of heavy industries. The new long-range economic plan of Japan, for example, seems to have been drawn up in realization of the fact that, in view of the economic development that is taking place in the Asian countries generally, Japan will be required to supply more capital goods and relatively less consumer goods to them than formerly. Industrial expansion is therefore considered to be the major driving force behind future economic development, and substantial expansion is planned for chemical, metal and machinery manufacturing industries. Thus, while the level of industrial production, according to the plan, will be 60.5 per cent higher in fiscal year 1962 than in fiscal year 1956, production in the chemical industry is expected to increase by 89 per cent (including heavy chemicals, up by 82 per cent), in the metal industry by 81 per cent and in the machinery industry by 76 per cent. The net result will be to change the ratio between heavy industries and light industries from 59:41 in fiscal year 1956 to 66:34 in fiscal year 1962.

The second five-year plan of mainland China aims at continuing industrial development with heavy industry as its core, the ultimate objective being to build up a comprehensive industrial system and to transform a backward agricultural country into an advanced socialist country by the end of the third five-year plan, i.e. by 1967.[22] The total gross value of industrial and agricultural output is expected to increase by 75 per cent in 1962 as compared with 1957. Within this total, the gross value of industrial output, including both modern industry and handicrafts, is planned to be nearly double that of 1957, while the gross value of agricultural output is planned to increase by about 35 per cent. The emphasis placed on heavy industry can also be seen from the fact that the contribution of the producer goods industry to the total gross value of industrial output is planned to increase from 38 per cent in 1957 to 50 per cent in 1962.

In the case of India, as in the case of mainland China, the policy stems from a belief that rapid industrialization can only be achieved through the establish-

[22] The information about the second five-year plan (1958-1962) of mainland China included in this section is based on the account of the plan given in the *Handbook on People's China* (1957). Detailed statistics relating to total planned expenditure, foreign trade, employment, capital formation and other salient features of the Plan are not yet available.

ment of heavy industries. The plan explicitly states that "rapid industrialization and diversification of the economy is the core of development. But, if industrialization is to be rapid enough, the country must aim at developing basic industries which make machines to make the machines needed for further development".[23] The plan proposes a total new investment outlay of Rs.7,900 million for the industries and mining sector. Out of this, Rs.6,900 million (i.e. nearly 87 per cent) is to be spent to develop basic industries such as iron and steel, coal, fertilizers, heavy engineering and heavy electrical equipment. The output of minerals is expected to increase by 58 per cent over the plan period. A similar index figure for the heavy industries is not available, but the following figures will give an idea of the substantial increases planned in this field.

	Percentage increase in 1960/61 over 1955/56
Sugar machinery	779
Textile machinery	373
Machine tools (graded)	300
Caustic soda	275
Cement machinery	257
Aluminium	233
Finished steel	231
Soda ash	188
Steel structural fabrications	178
Sulphuric acid	176
Electric motors	150
Locomotives	129
Automobiles	128
Diesel engines	105

The idea of changing the structure of industry in favour of producer goods industries is to be seen in the Pakistan plan also. Here, out of the estimated additional investment of Rs 3,000 million, about Rs 1,600 millions will be in producer goods industries, as against 1,400 millions in consumer goods industries. "This would raise the share of investment in producers' goods industries from around 40 per cent at the beginning of the plan period to around 45 per cent at the end. Major investment in producer goods industries will be in cement, heavy chemicals, fertilizer, newsprint, pig iron and shipbuilding".[24] The principal objectives of the industrial development plan, however, are: (*i*) to earn or save foreign exchange; (*ii*) to produce goods which will be needed in carrying out the plan, such as cement, packing paper, containers and tea chests, and (*iii*) to create additional opportunities for productive employment. The plan as a whole puts special emphasis on agriculture, and the industrial programme's first objective is consolidation, which includes improvement, modernization and balancing of the existing plants.

In the remaining plans, industrial development is conceived of mainly as a process of rehabilitation, diversification of the economy, saving or earning foreign exchange, or providing additional employment — or several of these in combination. The idea of rehabilitation is mainly to be found in the plan for Burma and to a lesser extent in that of Indonesia. In Burma, the overwhelming emphasis is on the development of agriculture, the industrial plan being more or less confined to revival of small-scale industries and rehabilitation of mining. In Indonesia, also, the general policy in the sphere of industrial production aims at: (*i*) consolidation, so as to preserve the existing national wealth; (*ii*) reconstruction, including rehabilitation and modernization; (*iii*) preparation of new projects; and (*iv*) development, as the final stage of the preceding activities. Diversification of the economy seems to be the principal theme of the Philippine plan. About 80 per cent of Philippine exports consist of four commodities—sugar, copra, abaca and timber, while about 68 per cent of imports consist of some 10 commodities such as textiles, food products, simple metal manufactures and paper. The plan aims at changing this "structure of the economy so that there will be more dependence on internal diversified production and less dependence on a few basic exports".[25] The aim of saving or earning foreign exchange is common to almost all the plans but is especially marked in those of Afghanistan, Burma, China (Taiwan), Indonesia, Pakistan and the Philippines. The first three countries clearly give import saving higher priority. The position in the others is less clear; at least Pakistan and the Philippines place considerable emphasis on the development of exports as well. Export promotion is a highly significant feature of the Japanese plan which aims at increasing that country's exports by 82 per cent within the plan period. This plan, as well as those of China (Taiwan), India, Pakistan and the Philippines, regards an increase in employment opportunities as a specific objective of industrial development. The plans of the Federation of Malaya and Nepal have not accorded any high priority to industrial development. No definite information is available in respect of the plan of southern Viet-Nam which has not yet been publicly released.

Planned rate of progress

Satisfactory data are not available to give a comparative picture of the speed with which industrialization is planned in the ECAFE countries. Perhaps the best criterion would be to compare rates at which the contribution of the industrial sector to the national income of each country is expected to grow as between the beginning and the end of the various plan periods. But national income statistics (or forecasts) according to source of income are not available for most of the ECAFE countries. Nor are there comparative data for either investment or industrial production as a whole for the periods before and after the plan for all the countries.

A rough indication may nevertheless be provided from the available data. As between the beginning and the end of the plan period, industrial production is expected to rise by 110 per cent in China (Taiwan) and by about 100 per cent in mainland China. In India, the over-all index of industrial production (1951=100)

[23] Government of India, *Second five-year plan, 1956/57-1960/61.*

[24] Government of Pakistan, *The First Five-Year Plan,* (1955-60), 1957, page 416.

[25] The Government of the Philippines, *The Five Year Economic and Social Development Programme, Fiscal Years 1957-61* (1957), page 18.

is expected to rise, by the end of the plan period, to 194, from 130 in 1955/56—an increase of 49 per cent. The Japanese plan expects the index (1934-36=100) of mining and manufacturing production to reach 371.9 in 1962/63 — 60.5 per cent above the 1956/57 level. According to the first five-year plan of Pakistan, the output of all industry—large-scale and small-scale—will increase from Rs 7,500 million to Rs 13,000 million, or 72 per cent. In the Philippines, production is expected to increase by 14 per cent a year in the case of manufacturing industries and 18 per cent in the case of mining. On the assumption that these are compound rates, the increase in production during the plan period works out at 69 per cent for manufacturing industries and 94 per cent for mining.

No firm conclusions can be drawn from these data because the coverage by industries or by size of establishments is not always the same. In some cases, for example, large factory units only are covered, while in others small-scale industries are also included. Again, the methods of computing total industrial production are not elaborated and may not be the same for all countries. Moreover, percentage figures by themselves do not provide a satisfactory basis for comparing progress, realized or planned. Nevertheless, the figures available leave little doubt that big strides in industrial development are being made in China (mainland, as well as Taiwan), India, Pakistan and the Philippines. Meanwhile Japan, already an industrially advanced country, is planning a substantial future increase in its industrial production.

Foreign trade

It is to be expected that the industrial development planned by the various countries will have significant repercussions on their own foreign trade and on intraregional and interregional trade in general. Unfortunately, scarcely any data are available as yet for studying such effects. However, some of the plans provide broad international trade projections for the individual countries concerned. Table 10 sets out the available aggregate statistics.

The first conclusion which emerges from table 10 is that, if the same trend holds goods for other countries of the region, the volume of international trade of the ECAFE countries will be substantially larger by 1961/62 when implementation of most of the present plans is expected to be over. Secondly, the available figures suggest that the rise in imports will be slightly greater than that of exports. In this connexion, it may be pointed out that most of the plan estimates were made in 1954/55 when the recent recession and fall in prices were not expected. In any continuing recession, expected export targets in terms of value may well not be fully realized. On the other hand, as prices of imported manufactured goods are less susceptible to fluctuations in price, imports may not show a marked reduction unless deliberately cut down. It is difficult to cancel the orders for capital goods once they are placed because they have to be placed far in advance of the date of delivery, and it is also painful to do so because of the

Table 10

BALANCE OF MERCHANDISE TRADE BEFORE AND AFTER THE PLAN

(Million of national currency units)

Country	At the beginning or in the year preceding the plan[a]			At the end of the final year of the plan		
	Imports	Exports	Balance	Imports	Exports	Balance
Burma	1,518	1,292	—226	1,644[b]	1,356[b]	—288[b]
China (Taiwan)[c]	220[d]	130	—90	215	183	—32
India	6,550[e]	5,960	—590	7.860	6,150	—1,710
Japan[c]	3,050[f]	2,495	—565	4,230	4,422	+192
Pakistan	990[g]	1,784[g]	+794[g]	2,912[h]	1,902[h]	—1,012[h]
Philippines[c]	607	452[i]	—155	649	527	—122[i]

[a] Statistics of China (Taiwan), India and Japan are for the preceding year of the plan and of others for the first year of the plan.

[b] Annual average of 1957/58 - 1959/60.

[c] Figures are in United States dollars.

[d] Inward remittance for 1956 is placed at $22 million and outward remittance at $38 million. Figures for 1960 are almost identical with 1956.

[e] Separate figures for import and export of invisible items are not given in the Plan, but the net balance on this account is shown as +Rs 620 million in 1956/57 and +Rs 410 million in 1960/61.

[f] The figures for invisible items are: Receipts, $842 million and payments $516 million for FY 1956 and receipts $658 million and payments $700 million for FY 1962.

[g] Relating to private account only. Invisible receipts and payments for the same period are Rs.191 million and Rs.359 million respectively. Invisible receipts for the plan period are estimated at Rs.990 million and payments Rs.2,060 million.

[h] Average of 1955/56 - 1959/60.

[i] Export receipts on the basis of average prices 1950-1955. Taking into consideration invisible receipts and disbursements the total foreign exchange available for imports is placed at $615 million. The corresponding figures for FY 1961 is $683 million.

probable adverse repercussions on economic development. Especially if present signs of recovery from world recession should prove premature, many of the ECAFE countries will be faced with a much larger trade deficit than is anticipated in the plans. As it is, every country shown in the table except Japan is expecting to have a trade deficit—larger at the end of the plan than at the beginning in the case of Burma, India and Pakistan. These countries may therefore continue to experience balance of payments difficulties, perhaps even more acutely than before, notwithstanding the planned increases in the output of both industry and agriculture. Another implication of this conclusion is that, despite the efforts of these countries to develop industries to earn or save foreign exchange, the demand for foreign exchange resulting from, or associated with, the planned development is in fact in excess of the expected foreign exchange saving or earning from trade within the periods in question.

The available information is too scanty to permit of any definite conclusions regarding the composition and direction of international trade of the ECAFE countries. However, a few broad impressions gathered from examining the plans may be recorded: (*i*) if Japan's present plan is realized, that country may emerge as a principal supplier of capital goods and chemicals to a part of the region and the intraregional trade in these items may undergo a notable increase; (*ii*) the realization of the plans to carry out substantial expansion of iron and steel, heavy chemicals (particularly chemical fertilizers) and other basic industries in Japan, China (mainland) and India may result in reducing the region's dependence on the outside world for the supply of these goods, and they may therefore become less significant in the total imports of the region; (*iii*) the establishment of light industries in the various countries of the region may reduce the relative significance of consumer goods in the region's total imports from the outside world. It is open to question whether this will mean any net reduction in the present quantum of imports of these goods; (*iv*) the development of various industries may lead to a larger flow of imports of semi-manufactured goods and raw materials, and their significance in the total imports of the region is thus likely to increase.

Employment

Conditions of unemployment or underemployment prevailing in many ECAFE countries give a special significance to the employment aspect of the various plans. This aspect needs to be studied from three different angles. (*i*) Countries facing serious unemployment or underemployment problems are confronted with the double task of providing employment to the additional labour force resulting from population growth and of removing some of the existing unemployment or underemployment. (*ii*) An urgent necessity of removing or reducing unemployment and underemployment may affect the choice of techniques in favour of more labour-intensive techniques. (*iii*) The achievements of the plans for industrializing the rural economies of these countries could be ascertained to a certain extent by comparing the occupational distribution, although this method of measuring industrialization is not completely satisfactory. Available information bearing on these points is summarized here.

The following table shows the expected additions to the labour force during the plan period and the employment targets, for five countries for which information is readily available:

Table 11

Certain ECAFE countries: Employment Targets of the Plans

(In millions)

Country	*Addition to labour force during the plan period*	*Existing unemployment*[a]	*Employment target*
China (Taiwan) . . .	0.4[b]	.297	0.2[c]
India	10.0	5.3	9.5
Japan	4.0	. . .	4.4
Pakistan	2.0	. . .	0.2[d]
Philippines	1.4	1.2	1.5

[a] As given in the published plans.

[b] After deduction of retired older workers and the majority of women, who on reaching working age traditionally undertake household work and are not anxious to be gainfully employed.

[c] Relating to industry, communication and transportation sectors only. Fisheries and forestry are expected to provide 11,000 and 26,000 jobs respectively.

[d] Relates to direct employment in large-scale industry. Estimates for indirect employment and employment in small-scale industries are not available. But the Plan states that "the rise in employment opportunities over the plan period is likely to be as large as the number of persons seeking employment". *The First Five-Year Plan, op.cit,* page 195.

It can be seen that these plan targets (except perhaps in the case of Japan and Pakistan) do not measure up to the task of absorbing the annual additions to the labour force, associated with population growth, and of making progress on clearing away the back-log. The inevitable conclusion is that more needs to be done if the unemployment (and underemployment) problem is to be solved. This again highlights the importance of the population problem for the region. Unless adequate measures are taken to relate the growth of population to the growth of employment opportunities, it seems clear that developmental plans by themselves may fail to meet the needs of the countries concerned.

How the necessity to provide employment can influence the techniques of production used or planned is illustrated by the second five-year plan of India. The Plan observes that "To hasten the process (of attaining full employment), however, particular attention will have to be paid to maximising the employment potential of projects included in the plan consistent with long-term needs",[26] and, after some discussion, comes to the conclusion that there is scope for utilizing labour-intensive devices in the production of consumer goods. The various plan targets directly involved are based on this consideration, and it will be interesting to observe over a period of time the effects of the choice of such techniques on the competitive strength of the light industries of that country. The problem of choice between labour-intensive and capital-intensive techniques is also touched upon in the Pakistan plan which lays strong emphasis on small-scale and cottage industries

[26] Government of India, *Second Five-Year Plan,* page 112.

wherever production in such industries is relatively efficient or can be made so. The Plan, however, warns that "it is necessary to guard against the danger of perpetuating out-dated and inefficient techniques at the cost of society".[27] Moreover, it also does not specify the fields of activity in which labour-intensive techniques are to be preferred. Other plans apparently do not discuss the choice of techniques, especially as between capital-intensive and labour-intensive, and it is difficult to say exactly what course is being advocated or followed.

Information regarding probable changes in the occupational distribution is not available in any plans. This is perhaps largely due to the difficulties of knowing what changes occur in the inter-censal years, and to the long intervals—usually a decade—between two censuses. The Indian Plan, however, states that "The rapid growth of towns and cities is perhaps a pointer to the impact of new forces on the occupational structure but the change is unlikely so far to have been of any noteworthy character."[28] At present, about 70 per cent of the working force is dependent on agriculture and allied pursuits. "By 1975/76 the proportion of agricultural labour to the total should come down to 60 per cent. But for this to happen something like a four-fold increase in the numbers engaged in mining and factory establishments has to be brought about."[29] In Pakistan, a rapid change already appears to be taking place in the occupational structure. As between 1951 and 1955, the proportion of the labour force dependent on agriculture is reported as having gone down from 84.7 to 73.0 per cent in East Pakistan and from 66.0 to 54.5 per cent in West Pakistan. The implementation of the plan is likely to accentuate this trend and, judging by the criterion of balanced occupational distribution as between agricultural and other pursuits, that country seems to have made considerable progress in industrialization.

Capital formation

An increase in the rate of capital formation is a necessity for substantial progress in industrialization in the majority of countries of the region, and it would accordingly be of interest to know what rise in the rate of capital formation is expected under the various plans. In Japan, the gross investment necessary for supporting the projected economic growth is estimated at 28.5 per cent of the gross national product, and the expected rate of gross savings in the final year of the plan (inclusive of a small surplus for foreign investment) is about 30 per cent of the gross national expenditures. (In net terms, the rate appears to be close to 25 per cent.) The rates of capital formation are much less in other countries. In China (Taiwan), the net total investment is expected to be 15.4 per cent of the net national income during the plan period. On the mainland of China the Chairman of the State Economic Commission stated that "'for a number of years to come it will be fairly safe to fix the proportion of national income going to accumulation at no less than 20 per cent or possibly a little higher".[30] The ratio of the net domestic investment to the national income in the Philippines is about 10 per cent. In India, the rate of net investment is assumed to go up from 7 per cent to 11 per cent during the plan period. In the last year of the Indonesian plan period the net rate of capital formation is expected to be 7.3 per cent as compared with an estimated 5 per cent rate before the plan. These statistics are, however, largely in the nature of estimates, and improved data in this field would be of particular value for many important economic calculations.

Transport and power

The development of transport and power plays a vital role in that of manufacturing and mining industries. This survey of industrial plans may therefore conclude with a reference to the developments planned in these supporting fields. Data relating to the planned amount and share of transport and power development are given in the following table.

Table 12

Certain ECAFE Countries: Planned Public Expenditure on Transport and Power
(In millions of national currency unit)

Country	*Expenditure on transport (1)*	*Expenditure on power development (2)*	*Percentage share of (1) and (2) to total public expenditure on the plan*
Afghanistan	573[a]	524[b]	10.9
Burma	436	277	28.4
China (Taiwan)	2,273[c]	...[d]	18.4
Federation of Malaya	254.4	80.1	29.3
India	13,090	4,270	36.2
Indonesia	2,615	1,925	36.3
Japan	1,290,000[e]	1,500,000	...
Nepal	104	30	40.7
Pakistan	1,422	648[f]	27.3
Philippines	451[g]	208	35.4
Viet-Nam, southern	5,500[g]	2,300[h]	44.5

[a] Presumably exclusive of $36 million stated separately in dollars.
[b] Original figure $32.6 million converted at the rate of $1.00 = 17 Afghanis.
[c] Relating to transportation and communication.
[d] Shihmen Dam Project includes power development but separate figures for this are not available.
[e] Representing the lower limit; the upper limit is ¥1,780,000 million.
[f] Exclusive of multiple-purpose schemes.
[g] Relating to public works.
[h] Relating to electric power, drainage and irrigation.

It is clear from these statistics that a substantial share of public expenditure under all the plans is being devoted to building up basic facilities which are needed largely, though by no means exclusively, for industrial development. Two inferences could be drawn. First, that the plans are largely preparatory to future industrial development—whether the latter is expected to take place through private enterprise, as a consequence of the provision of the basic facilities, or whether it is to be undertaken by the governments themselves in subsequent plans. Second, since the percentage share of public expenditure on transport and power usually far exceeds that on mining and manufacturing (table 9), that the plans, in principle, accord a more important role to the government in the development of transport and power than in manufacturing or mining. It appears probable that both inferences are valid for most of the countries of the region today.

[27] Government of Pakistan, *op.cit*, page 407.
[28] Government of India, *op.cit*, page 14.
[29] *Ibid.*
[30] *Eighth National Congress of the Communist Party of China*, (Foreign Language Press, Peking 1956) Vol. II speeches, p.52.

III. GOVERNMENT POLICIES AND MEASURES TO PROMOTE INDUSTRIALIZATION[31]

Introduction

The policies and measures which governments can adopt in order to promote industrialization are many. They range from efficient performance of primary functions, through various measures which are indirect in the sense that they act by encouraging, guiding or controlling the private sector, to central direction and participation in the management of industry. The purpose of this section is to discuss briefly the governmental policies and measures which appear to be particularly relevant to the promotion of industrialization in the ECAFE region. Policies and measures for dealing with five major shortages or limiting factors — capital, foreign exchange, entre-preneurship and management, labour skill and markets—are however dealt with more fully in the next section.

Policies of the general framework

Primary functions

Maintenance of law, order and justice; national defence; roads and communications; and today, health and education services may be regarded as primary functions of government. The need for carrying out these functions efficiently is widely recognized. However, since provision of the main economic and social services has a particularly close bearing on economic development, the necessity of providing these services on a scale adequate to the requirements of a growing economy may require special notice.

From the point of view of economic policy, the development and maintenance of transport and communications is of special significance because they have the effect of creating "external economies" which are vital for the successful establishment of a number of industries. It is important to plan and develop these services with an eye to future requirements, even though new administrative procedures may have to be evolved to make that possible. Rigid financial and audit controls which tend to examine proposals on the basis of past performance or, the absence of planned development, or the lack of needed information in these fields can have serious repercussions on the speed of industrialization.

Health and education services stand on a slightly different footing although their effects, too, can be regarded as creating "external economies". Educational services can and must help development by training technical personnel, of which there is a shortage, especially at the higher levels in almost all the ECAFE countries.

Monetary framework

The central problem of monetary policy in a developing economy is that of reconciling the necessity of creating credit to meet the financial needs of the growing economy on the one hand, and of achieving a reasonable price stability on the other. If the creation of credit leads to inflation, it may adversely affect development. Inflation creates social tension, reduces the incentives to save and results in misdirection of resources. Since such an atmosphere is not conducive to promoting economic growth, the expansion of credit must be kept within limits. One means of achieving that end is to prepare a credit budget covering the activities of all the public and semi-public financial institutions which may have been established to help meet the credit needs of the growing economy.

Institutional framework

Industrialization in the ECAFE countries implies among other things changes in social institutions, laws, traditions and customs which profoundly influence the functioning of the economic system. The task of creating new institutions and passing new laws, and frequently also of giving authority and sanctity to new customs and traditions devolves upon the government. The wide range of measures and policies involved begins with the reform of inheritance and tenancy laws and extends to the introduction of new laws relating to factories, organization of companies, and creation of special institutions. Many of the countries of the ECAFE region have made notable progress in adopting general legislation essential for undertaking production, trade and commerce on modern lines. Apart from governmental assistance in the fields of capital and credit, however, much remains to be done by way of evolving institutions designed to accelerate the process of industrialization by ensuring better marketing conditions and encouraging new enterprise, research and innovation.

Marketing

Of the numerous marketing problems faced by the industries in a growing economy, only three of general interest are discussed below.

The need to introduce industrial standards on a national basis is obvious, especially if countries intend to export manufactured goods, though the export prospects in the near future might at present appear slim. The absence of uniform standards can constitute a great handicap in the development of a number of exports and consequently it is desirable that governments take early steps to set up an organization to co-ordinate and standardize the activities of the various industrial research laboratories and institutions in the country and to draw up uniform standards. In order to ensure ready acceptability of these standards the close collaboration of the producers in the normal work of the organization thus established should be secured by adequate representation on it of trade and industry. In the ECAFE region, only a few countries, India and Japan for example, have thus far established such organizations.

[31] Revision of E/CN.11/DPWP.4/L5, a paper prepared for the fourth session of the Working Party on Economic Development and Planning by the ECAFE secretariat.

The problems presented by the lack of standardization, which are especially acute in respect of the small-scale industries, are further aggravated by lack of sales organizations, which the small units are unable to set up on account of their meagre financial resources. Here again, government assistance appears to be indispensable. The appropriate ways in which such assistance can be given is a subject for detailed consideration. Experience shows that the setting up of government-sponsored selling organizations for promoting both domestic and foreign sales is often desirable.

The efforts of the countries of the region to expand exports and develop new markets may also meet with difficulties because the institutional framework for international trade differs considerably from country to country. Broadly speaking, the countries may be divided into three groups: (*i*) those whose international trade is largely conducted on the multilateral trade principle; (*ii*) those whose foreign trade is mostly covered by financial and trade agreements; and (*iii*) those whose trade is state-controlled. A large number of ECAFE countries come within (or primarily within) the first category, and hence their exporters may encounter some difficulties when they attempt to develop new markets in the countries belonging to the other groups; the governments concerned may thus have to consider the negotiation of suitable trade and financial agreements with the countries falling within the second group. To deal with the countries in the third group, a government organization might with advantage be set up. Many countries of the region have entered upon the practice of negotiating trade agreements for the promotion of foreign trade, and the state marketing boards or similar organisations where they are available, as for example in Burma, help promote foreign trade in general. But India is perhaps the only country which has set up a State Trading Corporation to carry on trade with the state-controlled economies. The short experience of the STC has been considered encouraging.

Innovation and new entry

In order to encourage invention and induce entrepreneurs to venture into new fields, governments may take various measures or create various bodies. The principal of these are: (*i*) patents acts; (*ii*) regulation of monopoly; (*iii*) geological survey; (*iv*) industrial research councils and (*v*) industrial development corporations.

Legislation for taking out patents exists in many ECAFE countries. Opinion on the desirability of introducing such legislation in the countries of the region and on its precise provisions is not unanimous. A thorough study of the existing legislation, and of the desirability of introducing similar legislation where it does not yet exist, might therefore be useful.

Regulation of monopoly, especially in the industrial field, may not appear to be important or urgent in many countries of the region at the present juncture. The experience of the industrially advanced countries, however, shows that many industrial organizations tend to become monopolistic and spare no effort to shut out new entries. In the interests of providing wider opportunities to producers and protection to consumers against monopolistic exactions, prompt measures to obviate such a danger are therefore indicated.

A thorough geological survey is still lacking in most ECAFE countries. Certain geological surveys already made have not included prospecting. Whether, in view of the shortage of prospectors in the private sector, the work of geological survey in under-developed countries might consider including prospecting, especially in the mineral field, is worth study.

Industrial research institutions have now been set up in a number of countries including Burma, Ceylon, China, India, Indonesia, Japan, Pakistan and the Philippines. The need for similar institutions in the countries not having them cannot be overemphasized. The activities of these institutions should clearly not be for the benefit of government undertakings only, but of the private sector as well.

Industrial development corporations are useful where the promotion of enterprise requires more than financial help. The question was considered by ECAFE's second Working Party of Experts on Mobilization of Domestic capital.[32] Their findings on the subject are: (*i*) the development corporation seems to be a necessary institution in the case of many countries in the region; (*ii*) government-sponsored corporations must play an increasing role in that connexion; (*iii*) they should be autonomous in day-to-day operations, inspire public confidence and attract private funds, including venture capital. Development corporations have been started in a number of countries including Burma, Ceylon, India, Pakistan and the Philippines. A detailed study might be made of their experience, in order to ascertain what part they have actually played in promoting industrialization and whether these institutions require strengthening.

Specific policies of protection and Incentives

Apart from providing a general economic framework conducive to industrialization, governments may adopt a series of specific measures designed to promote industrial development by means of protection and incentives. It is proposed to discuss below some of these measures of general importance under the headings: (*i*) Protection, (*ii*) Tax concessions, and (*iii*) Financial and credit assistance.

Protection

Traditionally, protectionism is justified on the basis of the "infant industry" argument, and the protection is given in the form of a protective import tariff, subsidies or quotas. There is, of course, the danger that the shutting out of foreign competition may reduce the pressure to improve local standards—or may even cause the standards of comparatively efficient industries to deteriorate. However, the protection is presumably given for a limited period and on the assumption that the

[32] United Nations, *Mobilization of Domestic Capital: Report and Documents of the Second Working Party of Experts* (sales number: 1953. II.F.4), pp.7-9.

industry concerned will be able to do without such support when its initial difficulties are over. A protectionist policy of this type has been adopted by India, Pakistan and recently by the Philippines. Burma and Japan also have a few protective tariffs, although Burma relies mainly on direct import restrictions for promoting domestic production of goods such as hosiery, cotton longyis for men, biscuits and confectionery. In Japan, protective tariffs have been imposed on new industrial products such as petrochemical products, synthetic fibre goods, automobiles, watches and bearings.

Apart from subsidies, which have been used to some extent in India, for example, protection can also be given by quantitative restrictions on imports. In this case, import control commonly takes the form of a quota system where the import quota is determined after taking into consideration home demand and domestic production. Complete information is lacking, but it would appear that, although quotas figure in the import regulation systems of many countries of the region, they do so in virtually all cases as measures for conserving foreign exchange rather than for the express purpose of giving continuing protection to specific industries; the protective effect, that is, is incidental or secondary, and not the basic reason for the quotas.[33]

Again, the existence of import control can be utilized to give protection by requiring importers to purchase a specified quantity of the local product in order to obtain a licence to import the corresponding foreign product. This way of giving protection seems to be in use in Ceylon, Indonesia and Thailand.

In general, however, the ECAFE countries rely mainly on the indirect protection afforded by import controls which are imposed primarily for conserving foreign exchange resources, and on customs tariffs which are levied for revenue purposes and are generally set at rather high levels.

A protectionist policy of the first type, i.e. by protective tariffs, might contribute more to rapid industrialization if the policy were more broadly based so as to provide protection to a group of industries rather than to each industry separately on its own consideration. It is generally conceded that co-ordinated investment in a group of well selected industries may, because of the substantial increase in income and demand made possible by the interaction of the various industries, turn out to be profitable in cases where isolated investment in any one of them would not. Similarly, co-ordinated protection of a group of industries giving rise to a more or less balanced demand and supply may sometimes have merit even if the case for protection of one or two of the industries in the group, in terms of their being able to face foreign competition in the long run, is not strong.

There are several objections to the method of giving protection to indigenous industries by requiring importers to purchase a specified quantity of the local product in order to obtain a licence to import the corresponding foreign products. It is dependent on the existence of import control, and hence it is of uncertain duration. When applied to quality products, it is as likely to push up the prices of imported goods as to increase the sales of indigenous products. For example, if such a policy is applied to protect an optical glass industry whose product is not comparable with the imported glass, the importers, being unable to sell the locally made glass, may simply add the cost of the compulsory purchase on to the imported glass to recover their expenses. There is also the danger that any protection which, like this, is associated with the shortage of foreign exchange may be given without proper inquiry into the cost of production of the protected industries or without imposing on them any obligation to improve their production standards and bring them into line with international standards.

The indirect protection provided by import control and high-rate "revenue" tariffs also leaves much to be desired if viewed as a policy measure for giving protection to industries. Since import control is imposed primarily in order to conserve foreign exchange, the continuation of restriction as well as its tightness will in general be governed by the availability of foreign exchange. Thus, the assurance of steady protection so essential for developing industries will be lacking. Here again, moreover, the protection afforded to home products will naturally tend to be without a proper inquiry or an obligation on the industries concerned to improve their efficiency and reach international standards of efficiency.

Tax concessions

Fiscal measures for accelerating capital formation are dealt with in section IV. The discussion here is confined to the tax measures which have been adopted by many of the ECAFE countries either to encourage new enterprises or to direct investment into particular channels.

Tax concessions for encouraging new enterprises have usually taken the form of total exemption from taxes and duties or of an income tax concession. The Philippine Government, for example, has exempted new and necessary industries from taxes as well as duties. In Burma, the Income Tax Act exempts industrial enterprises from taxation for the first few years up to a maximum of 6 per cent of the capital investment, and also permits an accelerated rate of depreciation in calculating profit. Similar concessions exist in many other countries also. Systems of tax concession to encourage investment in particular channels exist in at least two countries of the region—Japan and southern

[33] As a device for protection, quotas have commonly been advocated on grounds of their directness and of the fact that legislative authorization is generally not required, as it usually is in the case of tariff changes. On the other hand, they have been objected to as involving excessive governmental interference with trade and arbitrary disregard of the principles of competition in trade. Article XVIII of the revised General Agreement on Tariffs and Trade recognizes that countries in the early stages of economic development should enjoy additional facilities to enable them "to apply quantitative restrictions for balance of payments difficulties in a manner which takes full account of the continued high level of demand for imports likely to be generated by their programmes of economic development". It also recognizes that "if a contracting party coming within the scope of paragraph 4(*a*) of this Article finds that governmental assistance is required to promote the establishment of a particular industry with a view to raising the general standard of living of its people, but that no measure consistent with the other provisions of this Agreement is practicable to achieve that objective, it may have recourse to the provisions and procedures" on quantitative import restrictions set out in Section C.

Korea. Concessions in respect of corporate income tax are extended by the Government of the latter country to urgently needed and vital industries such as power, steel, copper, oil refining, ship building, cement, chemical fertilizers, explosives, saltworks and motor industries. In Japan, favourable tax treatment, in the form of shorter amortization periods for certain fixed assets, the exemption from the corporation tax for certain companies engaged in the production of key materials, and the waiving of import duties for certain important machines, are designed to realize an early modernization of equipment, to promote industrial techniques and to lead investments in desired directions.

Tax concessions designed to promote industrialization can take various forms. New enterprises can be permitted higher rates of depreciation, lower rates of tax on profits if reinvested, and carry-over of business losses for a period of years. Entire tax exemptions may be granted for a specified initial period. Exemptions from, or concessions on, other charges, e.g. import duties and local taxes, may also stimulate investment. But tax exemptions often open loop-holes for tax evasion. Moreover, the incentive effects are difficult to measure. Nonetheless, this type of measures has been favoured by a number of countries. The extension of such concessions to other fiscal charges deserves consideration.

The problem of directing the limited existing capital resources into channels which will maximize the social marginal return is most urgent in the ECAFE region, and the measures which permit selective application accordingly have, other things being equal, an advantage over others. From this point of view, tax concessions to certain selected industries rather than to new industry in general may have important uses.

Financial and credit assistance

Loans and subsidies

The two principal forms of financial assistance to industry in the ECAFE region are loans and subsidies. Extensive loans have been given by the Governments in China (Taiwan), Japan, southern Korea, the Philippines and some other countries for rehabilitating their industries, especially during the immediate postwar period. In India, also, the government has given substantial loans to the private sector, especially to the iron and steel industry. The special feature of government loans is that they are usually of long duration, and the rate of interest is usually less than the prevailing market rate. Instances of subsidies are also to be found both in Japan and India, though they are small and limited to very few industries in the latter country.

Should government loans be given through specially created financial institutions or directly? In special circumstances, governments may be called upon to extend even substantial loans to the private sector directly. But, if such operations tend to become a normal feature of state financial assistance, it may be desirable to establish one or more financial institutions which in the course of time will be able to acquire the special knowledge and render the expert assistance required for the special type of financial operations involved. Subsidies, of course, exert a particular strain on a government's financial resources. They have some merit in being as a rule more open to public scrutiny than, for example, the costs in the form of high prices resulting from protective tariffs. However, administrative difficulties tend to make subsidies a somewhat unreliable answer if financial assistance is required from year to year for long periods. For such practical reasons, the use of subsidies appears desirable only on a limited scale and in special circumstances.

Another problem often faced by the countries of the region is that of directing investment and expenditure into certain selected fields. This requires measures of government control over investment. The Working Party on Economic Development and Planning at its second session noted that the need to help certain industries in preference to others has led to an increasing desire on the part of many ECAFE countries to introduce a measure of selectiveness in monetary and credit policy, and concluded that selective credit controls deserve careful consideration by the countries of the region.[34]

Among many industrial fields in which governments of the ECAFE region may render effective assistance in providing credit facilities, two spheres are here singled out for discussion because of their importance, which is not always sufficiently recognized: export and import credit, and credit assistance to small-scale industries.

Export and import credit

Most of the countries of the region have been experiencing shortages of foreign exchange and have been trying to develop larger exports in order to reduce the pressure on their foreign exchange resources. This necessitates, sooner or later, finding new markets for manufactured products, which is a long and arduous process requiring market surveys, continuous and intensive advertising through newspapers, cinema, radio and television, maintenance of show-rooms and service and supply of spare parts. Many export industries, especially those manufacturing equipment and machinery, are, however, run on a small scale and are unable to tie up their capital in this way. Such industries are caught in a vicious circle. They are unable to enter new markets because their scale of operation and their resources are small. And they are unable to expand their scale and improve their resources because they cannot expand their markets. To break this vicious circle and to help exporters to develop new markets, governments can render assistance in at least two ways—by the establishment of an export bank and by the operation of an insurance scheme to cover various export risks. Among the ECAFE countries, Japan seems to be the only country having an import and export bank. The question whether suitable conditions for establishing similar banks exist in other countries deserves consideration.

The Export-Import Bank of Japan—a government organization—was established in 1950. Originally, its objective was to encourage exports of equipment and machinery by meeting the long-term credit needs of the industries concerned. These industries present some special credit problems. Production and delivery of

[34] United Nations, *Economic Bulletin for Asia and the Far East*, Vol. VII, No.3 November 1956, p.7.

such goods takes a long time and, owing to foreign exchange shortages, there is a general tendency to obtain goods on a deferred payment basis. Commercial banks find it difficult to extend credit to finance this type of export and hence the credit provided by the Bank is supplementary to that of the commercial banks. The facilities provided by the Bank cover loans for the sale of both goods and services, loans to exporters as well as to manufacturers, loans in association with commercial banks, the rediscounting of notes of other banks evidencing similar loans, and loans to foreign governments and semi-governmental agencies.

Import-financing operations were started by the Bank in 1952. Here the objective of the Bank is to facilitate the regular and timely import of raw materials and other goods which are essential for the development of the economy. Japanese importers arrange for imports of the essential raw materials under long-term contracts which provide for Japanese assistance in the development of the resources of such raw materials. This calls for advance payments requiring long-term credits. The import financing undertaken by the Bank is mainly intended to meet such credit needs and to ensure an adequate supply of essential raw materials.

While not all the needs of Japan's advanced economy may be present in the other countries of the region, many of the latter are already faced with the problem of developing exports and finding ways and means of meeting the credit requirements, especially medium-term, of their exporters. Establishment of an export bank with perhaps limited functions may, therefore, be useful in some cases in supplementing the credit facilities already available in these countries.

Secondly, governments can help exporters by covering risks arising from such factors as political uncertainty, changes in import control, exchange rate fluctuations, bankruptcy, strikes and freezing of assets. Insurance of risk in this way has a double advantage: it encourages exporters to book business in circumstances and on terms which could not be possible otherwise; and against an insurance policy it becomes easy to obtain credit from the banks, which helps an exporter even with limited capital resources to increase his turn-over considerably. Because of the very nature of the risks to be covered, the export-risk insurance business is usually undertaken by the government. Except in the case of Japan and India, this facility appears to be non-existent in the ECAFE region.

Credit assistance to small-scale industries

Small-scale industries preponderate, and are likely to remain very numerous, if only because of the need to use labour-intensive techniques of production in countries suffering from underemployment. The ordinary commercial banks are unable to meet these urgent needs for a variety of reasons. Small-scale units are usually under-capitalized and unable to secure enough credit because they cannot offer security. Failure to standardize goods and lack of marketing facilities further aggravate their difficulties. Consequently, the commercial banks do not come forward to meet their financial needs, which remain largely unsatisfied unless governments take measures to provide them with credit facilities. Realizing this need, several state governments in India have passed legislation to give direct assistance to small-scale industries. Certain difficulties, however, led the Committee on Finance for the Private Sector appointed by the Reserve Bank of India (1954) to recommend the creation of a special Development Corporation for small industries and this has recently been established.[35] In Japan, the Government facilitates the grant of loans advanced by city banks by means of the Smaller Enterprise Credit Insurance and other guarantee systems and by establishing financial institutions for small industries' exclusive use. Considering the peculiar handicaps under which such industries have to carry on production, their credit needs should be met by special government measures.

The public and private sectors

Government participation

Direct government participation in industries has been accepted by a number of countries in the region although the extent of the public sector varies widely from country to country. Apart from the case of the centrally planned socialist economy of mainland China, public investment and state enterprise tend to be largely confined to the field of basic facilities or economic and social overheads. Water supply is a government responsibility in Burma, Ceylon, China (Taiwan), the Federation of Malaya, India, Indonesia, Japan, southern Korea and the Philippines. Similarly, electricity, and telephone and telegraph services are mainly or wholly a public enterprise in all these countries, with the exception of Japan where electricity is predominantly private enterprise. Gas belongs to both sectors, though in a majority of cases it is a state undertaking. Railways and air transport are mainly or wholly public-owned while private enterprise predominates in respect of road transport and shipping.

Outside the field of economic and social overheads, public enterprise seems to be prefererd for heavy industries — minerals, steel, cement and fertilizers — partly because of the acute scarcity of such products and partly because of their strategic importance in bringing about rapid industrialization and accelerating the process of economic development. Public enterprises in the field of mining exist in most of the countries mentioned above. In India, the State is playing a vital role in the development of the iron and steel industry and fertilizers. The Philippines, among others, has a substantial public investment programme for manufacturing chemical fertilizers. Public enterprise is, however, by no means confined to these industries, and examples are not wanting where governments have set up their own factories even in textiles or in other manufacturing or processing industries. Light industry, however, is mainly the preserve of the private sector in the majority of the ECAFE countries.[36]

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[35] The fiscal assistance given by the corporation, however, is mainly confined to hire and purchase of machinery.

[36] The foregoing summary is mainly based on data previously compiled for the Working Party and published in United Nations, *Economic Bulletin for Asia and the Far East*, November 1956, pp.33-34.

Apart from the great differences in political, economic and social conditions in the region and in the ideological beliefs which largely decided these choices, factors such as the existence of trained and experienced administrators and of trained technical personnel, standards of honesty and efficiency, and the stability of, and general public support given to, the ruling party have a large bearing on the extent of the public sector. It is therefore doubtful whether any useful generalizations can be laid down as to the line between public and private sectors.

Co-ordination between the public and private sectors

The existence of mixed economies gives rise to major problems of co-ordination by both controls and incentives between the private and public sectors. Three possible measures of direct control over investment in industry may be noted: (*a*) The establishment of a central body with the objective of co-ordinating investment between the two sectors as well as of allocating resources among different industries; this body would in effect, however, be an arm of planning authorities operating very much as in a centrally planned economy; (*b*) the institution of control over capital issues; and (*c*) the regulation of the development of industries. Both (*b*) and (*c*) are discussed in the section to follow. Selective credit control can also be used to a certain extent for directing investment into certain channels, as was mentioned earlier.

The question of the grant of selective tax concessions as incentives has also been touched upon earlier. The element of selectiveness is always present in financial aid given by the State in the form of loans or subsidies, as such assistance is given for specific purposes. But this may not be true in the case of various financial corporations which usually grant loans to private industries on the basis of financial considerations rather than with a view to channelling investment into preferred industries. The question of guiding the operations of these institutions so as to help secure the desired pattern of investment is dealt with in the next section. It appears that the problem of co-ordination could be successfully tackled by a judicious application of several of these measures in combination if the principle of selectiveness were introduced to as large an extent as possible. On the other hand, selective controls and incentives are extremely difficult to operate in practice and the precautions necessary for preventing abuse seem to require thorough consideration.

Since most of the countries of the ECAFE region have now taken up development planning, serious consideration needs to be given to the effective implementation of public goals and in the private sector of the economy of policies laid down in the national plans. If the principle of a "mixed" economy is accepted, the best use must be made of private motivation and incentives. However, if the development plans are to deserve the name of planning at all, private economic activities must not be allowed to conflict with the public targets. A realistic attitude towards the problem of co-ordination appears to be urgently needed on the part of both government and business. How can the economic activities in the private sector be adjusted to the requirements of public planning and steered so as to help achieve the targets of government planning?

First of all, it is essential to secure the effective co-operation of the private sector at the very earliest stage of planning by drawing the representatives of industry, trade and agriculture into the preparatory work for the plans. But, in the subsequent stages of implementation, the government policies and measures must also be designed so as to appeal to normal entre preneurial motivation. Price policy, fiscal and financial measures, commercial and investment policy are the particular fields to which increased attention should be directed. The absolute requirement is a sound balance between controls and incentives. The problem is admittedly a complex one and demands, for its solution, the best brains in the field of economic planning.

In order to come to grips with the problem, much work must still be done. Some of it might advantageously be based on the experience gained in such countries as the Netherlands, Japan and India which have faced this problem which may be relevant for a number of other countries.

IV. GOVERNMENT POLICIES AND MEASURES FOR DEALING WITH CERTAIN MAJOR LIMITING FACTORS[37]

Capital

Among the factors whose scarcity limits industrialization in the ECAFE region, capital ranks extremely high. The process of industrialization, along with the process of economic development as a whole, depends upon the community's ability to save and invest, and the progress of industrialization is closely related to the rapidity with which savings and investments are increased. Indeed, in view of the fact that many industrially advanced countries invest (net) 15 per cent or more of their national income as against an estimated rate of about 5 per cent in most under-developed countries, some have defined the process of industrial and economic development as the process of increasing the rate of net capital formation from about 5 per cent to about 15 per cent.

Foreign capital inflow may, of course, permit investment to exceed domestic saving, but the latter is the basic element sooner or later.[38]

[37] Revision of E/CN.11/DPWP.4/L.6, a paper prepared for the fourth session of the Working Party on Economic Development and Planning by the ECAFE secretariat.

[38] Problems connected with obtaining *foreign* capital are discussed in the section on foreign exchange, below.

Mobilization of savings by the government

In order to meet their increasing financial responsibilities for economic and social services, investment and expenses in government undertakings, and financial assistance to the private sector, the governments in the region have to play an active role in mobilizing savings. In most ECAFE countries, public revenue from taxation and other sources accounts for only a small part of total national income, and it is essential that steps be taken to increase public revenue substantially. Commonly, the ratio of central government tax revenue to gross national product is below 10 per cent, as compared with 25 to 30 per cent or more in a number of economically advanced countries. This low level of taxation in much of Asia—with the exception of Japan and a centrally planned economy like that of mainland China—is due in part to the low level of incomes but also to the institutional and administrative difficulties in tax collection. If proper measures are taken it should be possible to increase public revenues substantially without destroying private incentives. Improvements in the yield of existing taxes by better collection, increases in selected taxes (especially those on luxury consumption) and imposition of "betterment" levies as well as bond drives will no doubt help; of course the aim of raising the rate of saving will not be served if taxes designed to increase public saving merely reduce private saving and capital formation without increasing the total for the country as a whole. But what appears to be especially necessary is to broaden the base of taxation by including new taxes—both direct and indirect. India has recently taken such a step by introducing wealth and expenditure taxes, and this experience may provide valuable guidance to other countries. Other than these two taxes, the tax base could be substantially broadened in some countries of the region by improving agricultural taxes,[39] as well as by levying death duties and introducing indirect taxes on more commodities. Japan, since the beginning of industrialization in the Meiji era (1867-1912), and mainland China, since the establishment of the People's Government in 1949, have resorted to taxation of the peasants as the major source of government revenue for financing industrialization.

A second source of greater government revenue might be increased profits of public enterprise. Apart from the public utilities, other undertakings can be run on a strictly commercial basis, and the profits accruing from the public enterprises can be a substantial and durable source of public revenue. This raises the question of the appropriate price policy for state undertakings. Most state enterprises are in a monopolistic position and could, technically speaking, maximize their profits by following the price practices of private monopolies. The problem is whether they should do this, or should follow the competitive principle of passing on the benefits of lower costs to the consumer or user. In view of the needs for increased public revenues, the countries of the ECAFE region may frequently be compelled to follow a pricing policy which yields substantial if not maximum profits. But there is obviously a need for balancing between the needs of public revenue and the benefits to be given the consumer—especially perhaps where a major consumer of the commodity or service in question is another industry. The problem requires thorough consideration.

Non-inflationary borrowing may mobilize savings for government disposal. Public borrowing financed by the central bank entails obvious inflationary effects, and so may loans subscribed by commercial banks if accompanied by substantial credit expansion. When the loan is subscribed by the public at large, it is non-inflationary initially, although the ownership may change hands at a later stage and, if such a process is accompanied by credit expansion, the loan operation may subsequently assume an inflationary character. An increase in public funds achieved through larger postal savings and through insurance where nationalized (as in Burma, mainland China and India)[40] could be regarded as a genuine increase in publicly mobilized savings.

In addition, it has often been suggested that inflationary methods may be used for securing forced savings and rapid economic development, especially deficit financing undertaken to meet developmental expenditures. Such a policy is advocated on the grounds that governments wedded to a free enterprise system are unable to secure capital to the desired extent through taxation, the profits of any government enterprises and non-inflationary borrowing. Such governments are also unable, beyond a certain point, to curtail what may be regarded as less desirable private investment or to make people work harder and longer without additional payment. Hence, in order to secure the resources needed for the development programmes, resort may, it is argued, be had to inflation which has the advantages of simplicity and convenience—a point of considerable importance for inexperienced administrations in under-developed countries.

The advocates of inflation also believe that, in under-developed countries, inflationary effects of deficit financing need not be felt for long because the additional supply of money is soon matched by an increment to the output. There is some truth in this argument; and some amount of credit creation and expansion of credit facilities becomes unavoidable in the process of economic development. It is, however, of the greatest importance that such credit expansion be not allowed to develop into inflation which releases a number of forces inimical to saving, its basic justification. Apart from the social injustices and tensions which follow in the wake of inflation, the process is usually followed by dissaving on the part of the fixed income groups, and the additional money is in large part used for accumulating inventories or is spent on construction of luxurious apartments—factors which tend to blunt the "saving" edge of the inflationary device. Moreover, if the rise in prices is sharp and labour can secure wage increases, inflation may simply result in increasing costs without any additional savings. Finally, a quick and continuous rise in prices creates an uncertain climate which is not

[39] See "Taxation and Development of Agriculture in Under-developed Countries with special reference to Asia and the Far East", *Economic Bulletin for Asia and the Far East*, June 1958.

[40] Measures for promoting saving through insurance (whether private or public) have been taken in several other countries of the region including Ceylon, Pakistan and the Philippines. See United Nations, *Mobilization of Domestic Capital: Report and Documents of the Second Working Party of Experts* (Sales No: 1953. II.F.4).

favourable to sound industrial development. The real task of monetary policy in a developing economy is, therefore, to permit, on the one hand, such credit expansion as is necessary for economic development and on the other to keep it within limits so as to ensure that inflationary conditions are not allowed to develop. The measures for steering such a middle course suggested by the second session of the Working Party on Economic Development and Planning,[41] have been mentioned in the preceding section.

Once accumulated by the government, savings have to be allocated. A part or all of such savings will be apportioned for public undertakings, and the magnitude and direction of the consequent investment will be decided in accordance with the requirements of the plan or of other government programmes. Where a part of the public savings is to be utilized to finance private investment, the question arises of the best methods of making available such funds to the private sector and of ensuring that investment takes place on the desired lines. Financial assistance to the private sector can be given in the form of direct loans or subsidies or through specially created financial institutions. Some of these methods and institutions have been dealt with in the preceding section. Attention may, therefore, be directed here to the special institutions designed for providing large-scale industries with capital and credit facilities, and to the methods of ensuring that investment in this sphere of industrial activity proceeds on the desired lines.

Industrial finance corporations

A number of countries in the region including Burma, Ceylon, India, Indonesia, Pakistan and the Philippines have recognized the need for such facilities and have established industrial finance or development corporations, whose main function is the granting of financial assistance to private industries in acquiring fixed capital. Since these institutions have all been established during postwar years, it may be too early to assess the extent of their assistance to industrial development. Some salient points about the organization and functions of such institutions may, however, be noted.

Since the need for such institutions is directly attributable to lack of an organized capital market, it follows that, in the nature and form of the assistance they render to industry, they may appropriately undertake all the functions of a finance house; if these functions were limited to lending operations only, their capacity to speed up industrialization would be impaired. Hence, these corporations are generally permitted to underwrite issues of stocks, shares, assets and debentures by industrial concerns and to guarantee issues of loans raised by such concerns.

Performance of these functions, however, is fraught with many difficulties. In order to ensure that the funds of the corporation are properly utilized, it becomes necessary to impose conditions regarding the disposal of the underwritten stock and the guaranteeing of loans to private industries. Rigid conditions may make it impossible to operate, while the absence of any conditions may lead to abuse of the corporation's funds. Secondly, in order to avoid duplication, the finance corporation should undertake only such financial operations as are not undertaken by the banks and other financial institutions. In other words, the corporation should meet the long-term and medium-term requirements of industries arising from the expansion or replacement of fixed capital. The terms and conditions on which these loans are granted, as well as the technical requirements of the staff, are so different from those called for in short-term loan operations that it would ordinarily be desirable to keep the two types of function separate, although the combination of these functions is not unknown and may be justifiable in certain circumstances.

The principles on which loans should be granted also require serious consideration. On the one hand, it can be maintained that, since the creation of the industrial finance corporation is due to the lack of adequate institutional facilities, such as those available in the advanced countries, the corporation should provide similar facilities in that its operation should be governed by sound commercial principles. On the other hand, since the object of such an institution is to help economic development, it can be argued that its activities should be directed towards helping the industrial concerns which fail to secure funds from the banks and the public; or, still more, that the loan operations of the corporation should be directed in such a way as to help the development of only those industries considered essential for the rapid economic development of the country.

India, Pakistan and Japan may be cited as examples. The preamble of the Indian Industrial Finance Corporation Act of 1948 states that the corporation is being established for "the purpose of making medium- and long-term credits more readily available to industrial concerns in India, particularly in circumstances where normal banking accommodation is inappropriate or recourse to capital issue methods is impracticable". In practice, however, "the desire for ensuring the safety of the corporation's money and for putting the available funds of the corporation to productive use", rather than the desire to help the industries which fail to raise loans, seems to have been the main criterion applied to requests for loans. In Pakistan, also, the object of the corporation is to make medium- and long-term credits more readily available to industrial concerns with due regard to the interests of industry and commerce and the public generally. But the Pakistan Industrial Finance Corporation is required to run its business on sound commercial lines, and this has given rise to much criticism on grounds of rigidity of conditions and rate of interest. In Japan, the principle of helping the key and basic industries seems to have been put into practice and, according to the Business Report of the Japan Development Bank, "Loans by this Bank were confined from the first to the key branches of industry falling within the sphere of the basic programme drafted by the Government".[42]

[41] United Nations, *Economic Bulletin for Asia and the Far East*, (November 1956). See also the discussion of the subject in "Report of the Working Party of Experts on Financial Aspects of Economic Developement Programmes in Asia and the Far East (second meeting) to the Committee on Industry and Trade (seventh session)" (E/CN.11/I&T/106; 16 November 1954).

[42] The Japan Development Bank, *Business Report (1951-52)*, p.4.

Another way in which the industrial finance corporation can be used to shape economic institutions is to limit its loan operations to certain types of concern such as corporations and co-operative societies. Where it is considered that business corporations afford the best form of business organization, the facilities of the finance corporation may be limited to them (or to co-operative societies) and incentives may be provided for organizing business on the selected lines. Both India and Pakistan have in fact chosen to limit the loans of the financial corporations to joint stock companies and co-operative societies. This, however, has given rise to much criticism, and further examination might be given to the desirability of using such corporations indirectly to encourage certain forms of business rather than to extend their functions to all types of business.

Investment control

Shortage of capital in under-developed countries leads to the adoption of other institutional devices designed to make the best use of the available capital resources, in particular, control of capital issues and regulation of industries. Information regarding capital control in the countries of the region is not readily available except in the case of India. It appears that the control there was originally instituted mainly with a view to channelling the public's savings into government loans during the war. But it was in fact continued because the Government of India regarded it as necessary to secure a balanced investment of the country's resources in industry, agriculture and the social services. Not enough is known about the actual operations of this control measure to indicate definitely how far it has helped in achieving this aim. But it is obvious that such control can be used with a view to preventing investment in projects which may be profitable and attractive but whose development is not considered essential from the social point of view. It is, however, necessary to point out that in practice the control of capital issues cannot be extended to cover all types of business and consequently strict control may have a tendency to encourage the formation of small private companies or entirely private business for investment in the "undersirable" industries. In view of this, the utility of capital control appears to be limited from the point of view of keeping investment to the preferred industries.

Regulation of industries can have the same objective, but its scope can be wider than that of capital control as such. From the point of view of making the optimum use of the available capital resources, the control can take the form of licensing the establishment of new industries and expansion of old ones. If licensing strictly follows the accepted priorities of industrial development, the control may enable the government to discourage investment in low priority industries. However, like all controls, it is unable to induce investment in the desired channels. Moreover, it is also likely that, since the control cannot be extended to cover all units in all industries, the development of business in industries beyond the scope of the control cannot be ruled out altogether. Nevertheless, these controls, when used in combination with proper incentives to encourage investment in the desired industries, may turn out to be very useful in securing an investment pattern that will assist the rapid development of industries.

Foreign exchange

The process of industrialization has, for a prolonged period, a very close bearing on the availability of foreign exchange resources to a country. As industrialization progresses, a number of industries come to be established which make claims on, or contributions to, the foreign exchange reserves. Some industries have mainly the effect of strengthening the reserve position, either by earning or by saving foreign exchange; the great need to promote such industries is obvious.[48] Others tend on the whole to weaken the position, either by creating additional demand for imported capital goods and raw materials or by reducing the supply of foreign exchange through diversion of domestic resources from "export" industries to "home" industries.

It is difficult but nonetheless necessary to weigh and evaluate these conflicting claims and contributions when preparing a programme of industrial development. Awkward shortages of foreign exchange may occur because of divergence between planned magnitudes and actuals. Apart from defence burdens, or unrealistic exchange rates, persistent and serious balance of payments difficulties are usually due to (*a*) lack of balance between agriculture and industry, (*b*) heavy deficit financing of industrial and economic development and—if foreign assistance is expected to be the balancing factor—(*c*) inability to obtain enough of such assistance to close the resulting gaps.

Failure to maintain proper balance between agricultural and industrial development can put a serious strain on a country's foreign exchange reserves. A rapid growth of industry must be accompanied by adequate agricultural development to satisfy the growing demand for food and raw materials. If the agricultural development lags behind the industrial development, the tendency will necessarily be to satisfy the demand for these commodities by imports, thus exerting pressure on the foreign exchange reserves. Conversely, agricultural development, if unmatched by industrial development, may tend to increase imports of consumer goods, agricultural equipment and fertilizers, thus again creating a substantial additional demand for foreign exchange. An important measure to guard against an unfavourable foreign exchange position is thus to improve the planning techniques and strive to ensure balanced development, with accurate projections of the course of economic development.

To neutralize any sudden divergence between plans or expectations and the actual course of events in the field of international trade, exchange and import controls may be imposed. These two together can go a long way towards keeping the situation under control and

[48] The capacity to earn or save foreign exchange should of course be viewed in long-term perspective. Thus, for example, the laying of a groundwork for producing machinery may ultimately have important effects in strengthening the balance of payments although no such effect may be apparent at first.

preventing the development of a foreign exchange crisis. Where multiple exchange rates are in operation, a structure of preferential rates can be worked out so as to restrict demand for foreign exchange without shutting out imports of essential goods. However, if the restriction of imports merely results in diverting demand from foreign markets to home markets, international equilibrium may be achieved at the cost of internal disequilibrium, i.e. inflation.

In under-developed countries, inflationary tendencies of domestic origin manifest themselves quickly in an adverse balance of payments. Payments deficits in themselves are to that extent anti-inflationary, but obviously they cannot be regarded as a continuing remedy for the inflationary problem. Some writers, reverting to principles which used to be generally accepted under the classic gold standard, sometimes suggest that linking of note-issue to the foreign exchange reserves may provide an automatic check on undue credit expansion or a heavy demand for foreign exchange. This, of course, would tie up a part of the foreign exchange reserves, and would introduce an element of inflexibility into the monetary and credit policies—or rather, would make those policies subject to international influences (as contrasted with domestic aims) in a more direct way than some economic development plans might originally intend. On the other hand, since external imbalance cannot in any case be ignored, semi-automatic devices such as this for reacting to it where it exists deserve consideration.

Among the measures sometimes adopted for relieving immediate pressure on foreign exchange and avoiding curtailment of developmental programmes, the system of deferred payments, or credit from foreign suppliers, requires special mention. As a result of the balance of payments difficulties experienced by a number of countries, attempts are being made, and seem to be gaining ground, to evolve a new system of importing goods on a deferred payment basis. This approach, however, has a number of disadvantages. First, it raises the cost of imports by way of interest charges. Secondly, it leads to the purchase of goods not from the cheaper source but from the source that can afford to wait longer before receiving payment. Third, and perhaps most important from the immediate practical point of view, it helps foreign establishments to increase their advantage over indigenous establishments. For example, if a government announces that it will permit imports only on a deferred payment basis, a branch or agency of a foreign firm, or a firm with close foreign connexions, will almost always succeed in securing credits from its principal, without delay and in substantial amounts, whereas an independent national firm is likely to be unable to secure such credit. Thus, the government will be faced with the charge of hindering the growth of national units. Finally, deferred payment obviously entails even larger payments of foreign exchange in the long run. Hence, the use of this measure could be advised only if the foreign exchange shortage is known to be temporary (a condition which it is almost impossible to fulfil) or if the project for which the specific purchases are required holds definite promise of either saving or earning substantial amounts of foreign exchange. These are difficult calculations to make with reasonable assurance and precision.

Drawing upon accumulated surpluses, if any, can be of temporary assistance in overcoming foreign exchange difficulties. However, in the first instance, the developmental programmes usually take account of the withdrawals that are considered reasonable or possible, so that the likelihood of additional relief from this source is perhaps small, except where the accumulated surplus is blocked and the release of the blocked balance is governed by an agreement—in which case it may be possible either to get the balance freed, in view of the foreign exchange difficulty, or to obtain a release of an amount larger than the agreed instalment. In any case, the relief thus provided is likely to be temporary and marginal, with the further drawback that it necessitates curtailing the future rate of progress, as envisaged earlier, to the extent that this rate presupposed a more prolonged use of the accumulations. But the more significant fact is that those ECAFE countries which were fortunate enough to have accumulated foreign exchange resources have more or less exhausted them. The question of any substantial assistance from this source does not therefore arise in many cases.

While the measures referred to above may be useful in preventing a serious foreign exchange shortage, the rate of industrial progress possible in most countries of the ECAFE region is not likely to be adequate for improving their standards of living markedly without an inflow of foreign capital, including foreign assistance. The flow of international capital of all types into the region has, of course, been substantial, and it has rendered a great service of which the receipient countries are gratefully aware, but it has failed to reach hoped-for levels for several reasons. In the first place, foreign private capital has hesitated to venture into the area owing to somewhat uncertain political and economic conditions prevailing in many parts of the region. The various changes in laws and regulations governing investment introduced following the attainment of independence by a number of countries of the region have probably added to the atmosphere of uncertainty, although these and further such changes should be able to help clear the atmosphere in the long run. Secondly, owing to inadequate infrastructure or basic facilities, the productivity of new capital is lower now in many fields of activity in the region than should later be the case. Finally, the import of foreign capital (other than on a grant basis), whether private or public, naturally imposes the obligation to provide adequate foreign exchange for servicing and repayment of debt or equities, an obligation which many countries are not in a position to accept unconditionally in respect of large amounts. Reliance on present relief through assistance obtained from abroad should be governed by the consideration that it is also necessary to avoid creating foreign exchange problems at a future date. This involves questions as to the amount of such assistance, the forms in which it is received and the conditions attached.

Foreign assistance in the form of private collaboration of industrialists is often very helpful in getting domestic industry started and imparting valuable skills, but it also usually involves an assurance that the government will provide facilities for the remittance of profits, interest and other charges. Since the amounts to be transferred on these accounts may be substantial, and

since the savings in foreign exchange may turn out not to be large while the conditions on which such collaboration takes place may make it difficult for the industry to develop exports freely, the national advantages and disadvantages of such collaboration need to be carefully weighed in any given case.

Foreign loans, at present usually on a government-to-government basis, carry interest charges which are likely to be smaller than the corresponding profit remittances, but they still entail a long-term obligation to provide foreign exchange for the remittance of interest and repatriation of capital. To avoid these difficulties, a number of loans (or the equivalent of loans) have recently been made which do not entail repayment in foreign exchange. For example, under United States Public Law 480, disposal of agricultural surpluses to foreign countries in need of such commodities has taken the form of their sale for local currency, as well as emergency assistance. Most of the proceeds from such sales is reinvested or loaned in the recipient countries, generally for economic development. Such international loans might perhaps be extended.

None of the difficulties of repayment is present when the foreign assistance is received in the form of grants. Apart from limitations attaching to the donor-donee relationship as such, if this relationship is unduly enlarged or extended, the commonest drawbacks of such aid are procedural delays which may sometimes have an adverse effect on the industrial tempo. The fact that such aid is usually given for specific purposes sometimes also prevents it from being flexible enough to make the maximum contribution to industrial development in general.

Entrepreneurship and management[44]

Introduction

Entrepreneurs and managers are intimately associated with every phase of the productive process (buying and hiring, organizing, marketing and so on), and act as catalytic agents to achieve effective combinations of the other factors of production. It is the entrepreneur and the manager who must cope with the other major limiting factors to industrialization—the raising of capital, the provision of foreign exchange in spite of limitations, the recruiting and training of labour, the appraisal of the size of the market (recognition of investment opportunity). Yet the elements involved, the skills and the motivations, are somewhat hard to define. Entrepreneurs and managers commonly seek to maximize profits, but sometimes considerations of power and prestige are present or dominant. Entrepreneurship and management are generally in short supply in the countries of the ECAFE region as is indicated by evidence, for example, of known investment opportunities that remain unexploited; social preferences for maintaining status rather than increasing production; investment in land and conspicuous consumption rather than investment in industries; lack of efficiency, initiative and organization in many industrial operations. But these symptoms are themselves closely intertwined with the basic economic and social structure, institutions and attitudes of the region, which are typical of under-developed countries; i.e. low incomes and productivity; limited education; frequently poor health; general absence of modern transport and power facilities.

This section will first examine several concepts of entre preneurship and management (management as a "constellation of functions"; the behaviour of the individual entrepreneur) and will then suggest ways to increase the supply of capable, practising entrepreneurs and managers through government policies for education, investment in large-scale production units, the small entrepreneur, foreigners and national minorities.

Management as a "constellation of functions"

Economic writers from Adam Smith on have suggested a variety of concepts of the entrepreneur. Modern attempts at definition, attempting to link together economic theory and a theory of business institutions, tend to regard entrepreneurial organization as a significant and separate resource, embracing all the functions performed from the foreman level up through the management structure. One such formulation is given below:[45]

Entrepreneurial organization

Management of risk and uncertainty

Board of directors
Top managers
Principal shareholders

Planning and innovation

Research
Engineering
Marketing and product development

Co-ordination, administration and control

Comptroller
Cost and quality control
Work study
Production planning
Personnel and industrial relations

Routine supervision

Supervisors and foremen

What are the uses of such a formal and comprehensive listing of entrepreneurial functions and duties? It is clearly applicable to the operation of the large-scale business firm. Depending on the stage of industrial growth, specific functions will vary in importance or perhaps even be temporarily ignored. Even so, such a listing is useful as a point of reference or bench-mark, and it may also provide guidance for estimating the investment in managerial and technical skills that must accompany investment in large-scale plant and equipment

[44] No distinction is made, in this connexion, between the private and public sectors.

[45] Harbison, F., "Entrepreneurial Organization as a Factor in Economic Development," *Quarterly Journal of Economics*, August 1956.

if their potential productivity is to be realized. It has even been contended that the productivity differentials between industries in Western Europe and North America are largely due to differences in investment in these entrepreneurial resources.

In the case of the small-scale firms which dominate the picture in Asia, we must look at the entrepreneur in more personal and less functional terms, although he may (consciously or unconsciously) be carrying out all the functions of the entrepreneurial organization listed above. In small establishments the world over, of course, the person or persons in charge must assume numerous functions if these are to be discharged at all. In under-developed areas, the limitations of basic facilities (power and transport as well as market knowledge) complicate the entrepreneur's problems and throw him back even more on his personal ability. Improvement in the quality and supply of entrepreneurs in small firms is extremely difficult to effect, more so than alleviation of the shortage of management skills in the large-scale firm, since the latter shortage can be tackled by direct and large-scale measures, e.g. training programmes abroad and importation of foreign personnel.[46]

Behaviour of the individual entrepreneur

The small establishments are important for their own sake and because they may act as a seed-bed for entrepreneurial talent (if not for technical management skills) for medium- and large-scale firms in the future. In order to understand the small entrepreneur, we need a concept that turns more on individual motivation and behaviour.

A study of the individual entrepreneur must hinge upon that "extra something" that distinguishes the competent management technician from the prime-mover, organizer and catalyst in an organization, whether it be large or small. Schumpeter, who gives the entrepreneur a crucial role in his study of capitalism, describes him as bent upon "doing new things or doing of things that are already being done in a new way",[47] thus emphasizing his role as an innovator who is capable of a "creative response, a reaction outside the range of existing practice". This emphasis on innovation, which could consist of doing very big things (spanning the North American continent with a rail system) or small things (producing a new sausage), comes close to capturing the essence of entrepreneurship. But this formulation sometimes conjures up a vision of the entrepreneur as a large heroic figure in society in the image of Rockefeller, Krupp or Lord Beaverbrook. This is by no means true of the entrepreneur in general—and particularly in small business in the ECAFE region. He is often a hard-working, harassed individual, operating alone under many economic handicaps, with activities in the shop or small factory dominating his personal as well as his business life. Perhaps the description of an entrepreneur as a man who "gets things done" comes closer to revealing his function. He may not be a paragon of efficiency or possess adequate knowledge (he may even occasionally be headed in the wrong direction) but he is an active, aggressive element in an otherwise placid community who does get things done. These are qualities which elude precise description, let alone precise measurement. Yet everyone is familiar with such individuals.

Government policies: the educational system

Recognition of the possibility that certain entrepreneurial qualities are probably "born, not made" does not mean that there are not many ways in which governments can create the necessary environment and pre-conditions for entrepreneurial growth. The educational system is the appropriate instrument for the extension of literacy and the imparting of necessary skills and knowledge. The system also influences social behaviour in other subtle and important ways—by creating individual preferences for academic or vocational studies, for civil service or business occupations. In a larger sense, the operation of the educational system also reflects the fluidity or rigidity of the class structure in the given society, the extent to which careers are open to talent irrespective of social origin. All these factors affect the quality and supply of entrepreneurship and management. Some observers of industrial activities in under-developed countries contend that they can make a better appraisal of a country's potential for industrial progress by studying the system of secondary education than by appraising any single other factor.

Government policies: large-scale production units

The concept of functional management provides a useful tool for investment programming, particularly when investments are, for example, in large-scale manufacturing plants or hydroelectric projects. There is no reason why the necessary investment in management organization should not take place simultaneously with the construction of plant and equipment in order that the newly-created facilities may be operated at maximum efficiency as early as possible. The expansion of the Indian steel industry is being planned in this way. Similarly, the construction of a highway network should entail the training of managerial and technical staff properly to maintain, repair, and extend the network after it is completed. Large-scale river valley projects should also be planned with management requirements in mind. A similar kind of planning may be adopted in respect of skilled labour since, in reality, there is an easy gradation of skills and training extending from the unskilled manual labourer well into the management structure, although the skilled labourer and management-technician differ as to the length and kind of education or training required. Where duties require considerable individual responsibility (particularly in the supervision of others), there is perhaps a qualitative difference that eludes quantitative budgeting.

Government policies: the small entrepreneur

A whole series of techniques of assistance that are used with respect to management staff in large-scale

[46] See "Management of Industrial Enterprises in Under-developed Countries", United Nations, Bureau of Economic Affairs (preliminary version E/3143; mimeographed), which points to the difficulties of devising ways to improve management in small enterprises.

[47] Schumpeter, J., "The Creative Response in Economic History", *Journal of Economic History*, Vol. VII, No. 2 (November 1947), also *Capitalism, Socialism and Democracy*, 2nd edition, (Harper, 1947) p.132.

firms work less effectively or not at all for the small entrepreneur. It is very difficult to help him with the limited number of technical assistance experts available under bilateral and multilateral programmes; their services, which will always fall far short of the total need, tend naturally to be concentrated in large production units. The small entrepreneur cannot easily take time off to take particular training programmes at home or abroad. The alternative of employing foreign personnel is also inapplicable. In addition to suffering from these institutional limitations, the small entrepreneur himself poses certain difficulties. He is in all likelihood a species of "self-made" man, inclined to be secretive regarding his business, not conscious of needing aid in doing his job, and not a little suspicious of government "assistance".

He is, therefore, difficult to reach through government policies. It will help to look at the problem from the standpoint of the small entrepreneur himself, for he might very well suggest several things which governments should not do *to* him, and then some things that could be done *for* him.

Governments can improve general conditions by steps which will also help the individual entrepreneur considerably. They can seek to manage their foreign trade in such a way that supplies of imported raw materials and spare parts are not in a continuous state of uncertainty; they can maintain and improve roads; regulate erratic supplies of power and water; raise standards of efficiency and honesty of the government bureaucracy itself. In a more positive sense, apart from encouraging subcontracting arrangements between large and small businesses, governments can reserve factory space for small production units in industrial estates, and common facility services (e.g. shoe lasts, dies and tools) can be supplied to small units. Also, finance, and machinery and equipment purchase, are two specific areas where assistance is urgently needed and where entrepreneurs are also apt to be more than usually aware of their own deficiencies. It would be helpful if financial institutions providing capital for business on reasonable terms, and engineering advisory services related to purchase, installation and use of machinery, could be made available on a wide geographic basis. There may be some merit in combining these credit and engineering advisory functions.

Government policies: foreigners and national minorities

A serious question facing many governments in the region is that of the policy to be adopted towards the participation of foreigners and national minorities in the community. Policy in this field raises complex and politically sensitive issues. It also has important repercussions in terms of the supply of entrepreneurship and management, since these resources tend to be distributed unevenly, both within countries (as among various national, religious and social groups) and in the world at large (as among countries at various stages of industrial and scientific advance).

The role of foreigners in the managerial structure is perhaps the most widely publicized of these issues, but not necessarity the most acute one in a longer perspective. Some types of very specialized management technicians are obviously in short supply in the world as a whole. For example, only a handful of men at present possess specialized knowledge and experience regarding the production of power from small nuclear reactors. The same is true in many less publicized activities—in the petroleum, mining, chemicals, electronics industries. It is clearly desirable for a country to seek to utilize such people whenever they are needed, both for improving the productive process and for educating and training nationals in these specialized tasks.

The operations of foreign branches within a country may also serve this educational purpose if nationals gradually replace foreign managerial and technical personnel. There are no hard and fast rules to be applied to the rate of replacement. In essence, what is needed is an understanding between th government and the foreign firms concerned that this educational role is important and should be pursued with vigour. Joint ventures provide another useful device. It has also been suggested that retired senior executives and technicians in firms in advanced countries may provide an important source, largely untapped at present.[48] The services of management-consultant firms may also be used.[49] The retention of former colonial officials in the civil service of the Federation of Malaya is an application of the principle of drawing on the services of foreigners in the field of public administration. The employment of foreigners is comparatively costly, however, and is largely confined to experts with fairly specialized talents. It is therefore a device to be utilized primarily by the large-scale firm or by governments.

In the countries of the region, and in underdeveloped countries the world over, striking instances of entrepreneurial success in various trades and industries are often associated with particular religious or social groups within a country (e.g. Parsees such as the Tatas in India, Memons such as the Adamjees in Pakistan), or with particular national minorities (Chinese and Indians in southeast Asia generally). Trade and small industry may often be largely in the hands of these minority groups. In Burma, a country of some 20 millions, there are an estimated 700,000 Indians and 300,000 Chinese, whose influence is considerable in the commercial sphere and extends into industry. Similar situations exist in Thailand, Indonesia, the Philippines and southern Viet-Nam.

In these countries, there is quite naturally an interest in distributing entrepreneurial activity and power throughout the population as a whole, as well as a desire to integrate these minorities into the national life. It is, however, difficult to adopt specific measures to the end, and still retain the positive contributions which the existing entrepreneurs make to the economy. Various measures have been tried, including quota systems on imports and on business licences and the barring of resident aliens from certain trades and professions. None of these measures can, however, be regarded as ideal,

[48] This also has its domestic counterpart. In countries of the region with rather early retirement ages, retired technicians from government departments as well as from private business can be encouraged to get together and establish firms of consulting engineers.

[49] The Secretary-General's proposal for an international administrative service may also be referred to in this connexion.

or even particularly effective. One can only present the general problem as an important one—even vital, in a truly multi-national country[50]—and one whose solution will require considerable skill and ingenuity.

Skilled labour

Any discussion of the shortage of skilled labour as a limitation to the industrialization process must make clear in advance that this shortage is related to a very special kind of skill. If by skill one means expertness, adroitness and care in the use of material—the "instinct of workmanship"—then the numerous artisans of Asia have attained very high levels over the centuries. The shortage referred to here is the limited supply of skilled factory labour. Factory work calls for a different kind of expertness. It requires more consistent regular exertion, endurance, repetitive work, submission to factory discipline, use of machinery rather than hand tools, reliance on team work. In short, it demands the exercise of skill under controlled conditions.

Transition from non-industrial to industrial employment brings an impressive array of social, psychological and economic problems,[51] and, while the development of a supply of skilled labour as such is interwoven with these larger problems, it can at the same time be identified as a special problem which may be more amenable to solution. For, as suggested in the preceding section, there is a gradation of skills extending from skilled labour to foremen and supervisors to management-technicians, which can be distinguished in terms of length, type and costs of education and training. Alleviating the shortage of skilled factory labour may thus perhaps be less difficult, as far as individual cases are concerned, than easing the short supply of management-technicians, since length of training is shorter, training costs lower. On the other hand, it is a considerably larger problem in terms of total magnitude.

There is also considerable evidence that great numbers of people everywhere have the natural capacity and aptitudes for skilled factory work. There are many knotty problems in the transitional and adaptation period, but these are by no means insoluble.

If the limited supply of skilled labour is to some extent a short-run problem which, given a determined national policy, is more easily solved than some other problems, then attention naturally focuses on techniques that may be useful in selecting and recruiting, increasing the geographic mobility of, and training, skilled labour. Some aspects of these questions are considered below.

Selection and recruitment

The selection and recruitment of skilled workers should normally be made from within the existing factory labour-force. This preference is not due to any basic difference in individual aptitudes as between, for example, industrial and agricultural labour.[52] The unskilled factory worker, however, has already experienced, and partially adjusted himself to, such features of industrial work as regular working hours, factory discipline, the role of machinery, urban living. This is a base upon which to build. The likely candidates for advanced training can be singled out more easily, training programmes can be oriented to specific industrial skills needed, and future employment of these higher skills can be assured.

In addition to meeting the direct need for skilled labour, such a policy may have important side-effects. Creating employment opportunities in higher skills and higher wages *within* the factory labour force may alleviate some of the sense of confinement and frustration which is felt by industrial labourers in under-developed economies[53] and which, through absenteeism and high labour turnover, contributes to low labour productivity in these areas. It may also, in a more general sense, serve to reduce worker unrest—for it is clear that industrial employment (usually with wages higher than those enjoyed by the community at large) by no means leads automatically to a high degree of contentment. On the contrary, the breaking of the bonds of custom which is implied by factory work may not only widen horizons but enlarge ambitions and create dissatisfaction. By offering opportunities for higher skills, responsibility and earnings, industry can do much to minimize this potential unrest.

Geographic mobility

In addition to creating mobility within the plant—movement upward from unskilled labour to higher skills and earnings—it may be necessary to surmount barriers to the movement of skilled labour from one geographic area to another. Basic information services should be provided; periodic surveys can be made to determine areas that have a surplus or deficiency in skilled labour supply, and such information can be provided to workers —through employment exchanges, for example, where these exist. In industrialized countries, it has been found that various supplementary provisions to ease the cost of movement, such as payment of transport costs and temporary provision of housing in areas where the skills are needed, may also help to increase the geographic mobility of skilled labour.

Training

In under-developed countries, vocational training decisions are often left almost entirely to individual plant managers or entrepreneurs who, because of limitations inherent in the general educational system of the country, must depend on their own resources. As a result, training of labour is almost always on-the-job or perhaps through some apprenticeship system. This arrangement has many advantages, but it is inadequate to overcome national shortages in labour skills, and national educa-

[50] Goh Keng Swee, "Entrepreneurship in a Plural Economy", *The Malayan Economic Review*, April 1958.

[51] W.E. Moore discusses these problems at length in his *Industrialization and Labour* (Cornell University Press 1951).

[52] There are also striking examples of development of skills among workers recruited from nomadic populations.

[53] C. Kerr, F. Harbison, J. Dunlop, C. Myers, "The Labour Problem in Economic Development—a Framework for Appraisal", *International Labour Review*, Vol. 71 (Jan-Jun 1955).

tional policy should therefore help to provide the necessary skilled labour. Some broad kind of manpower budgeting and an expansion of the vocational school system to meet projected needs are advisable. The vocational school can be utilized in various ways; part-time training in school can be combined with on-the-job training within plants, while the school facilities can be used for adult education in the evening. The vocational school system (buildings, equipment, teaching staff), indispensable to industrial progress, should be viewed as scarce capital and fully utilized.

National investment programmes should include the complementary investment in training of the skilled labour needed to man the completed physical facilities. The domestic vocational school system, training abroad and the employment of foreign technician-teachers can all be used in such training programmes. At an early stage in investment planning, some attention may have to be paid, in the selection of both industries and techniques, to the differences in the amounts and types of skilled labour required.[54] It is also possible that, in some industries, increasing capital intensity, particularly when associated with integrated assembly line production, may at some point reduce the requirement for skilled workers. This, however, must be examined carefully in individual cases.

In any training programme, the techniques employed should permit fluidity of movement into the ranks of skilled labour. Skilled labour has been known in many industrial countries to employ various devices to restrict entry to its ranks. The apprenticeship system, for example, is sometimes employed in this way. The motives for this attitude are understandable, but, in the face of general shortages of skill, such restrictionism is undesirable and training programmes in Asia and the Far East should seek to avoid its emergence.

Markets

The importance of markets

The size and behaviour of markets are another major limiting factor in the transformation of the economy called industrialization. The unsatisfactory state of occupational specialization when manufacturing activities are absent is largely a reflection of limited markets, and the deficiency of demand is one of the few really general features found in practically all under-developed countries. The four limiting factors already analyzed above constituted bottlenecks on the supply side. Attention is now invited to some of the factors on the demand side.

To take up the problem of the demand factors from the angle of markets does not necessarily suggest any predilection for the price system. Even in governmental planning, the existence or non-existence of adequate demand is an important consideration bearing on industrialization policy—a problem of sectoral balance.

The major determinants of the size of markets for a particular industry are, insofar as a closed economy is concerned, as follows:

(*i*) The level of real income of buyers;

(*ii*) The proportions in which income expenditure is directed to particular products;

(*iii*) The technical and institutional limitations, such as the existence of non-monetized subsistence sectors in the economy, the deficiency in transport and communications, segregated markets which are not linked up with each other;

(*iv*) The size of the country and the population.

For some small countries, a real problem of economic viability is posed by factor (*iv*), that is, whether they can successfully undertake industrial development, especially the establishment of heavy industries, at all on an isolated national basis. This important aspect of the market problem is expected, in the ECAFE region, too, to receive increased attention, with far-reaching implications for foreign trade—i.e., implications as to possible economic integration, customs unions, common markets, and so on, in the future. But, in general, this is not the basic difficulty in economic development. The crucial economic factors determining the state of demand are still the level of real income and the pattern of income expenditure.

In under-developed economies, real income is low because productivity is low.[55] Productivity is low largely because the utilization of capital equipment is limited by a low rate of savings and by the narrowness of markets. Savings are inadequate and markets are narrow again because real income is low. There is thus a complete chain of causation which has been called the "vicious circle of poverty". This explains the predominantly stagnant character of the under-developed economy; the economic factors are, so to speak, in stable equilibrium with each other—a low income-low productivity equilibrium without any motivation for development. Especially for industrialization, a definite barrier is provided by this low level of income in conjunction with the pattern of consumption, in particular, the fact that the income elasticity of demand for food is around unity in a number of under-developed countries. This means that most or all of an increase in income is spent on food, leaving almost no room for an increase in demand for manufactured goods. The market for non-agricultural products is thus very limited, which constitutes a fundamental barrier to economic development in general and to industrialization in particular. This generalization is valid even though, for particular manufactured commodities, the immediate market restraints

[54] The United States, for example, shows a considerable variation in the percentage of skilled workers, foremen and professional persons to total employees in various industries (according to the census of 1930, from less than 10 per cent to over 40 per cent. See Bohr, Kenneth A., 'Investment Criteria for Manufacturing Industries in Under-developed Countries." *The Review of Economics and Statistics* (May 1954), p.163. Based on a Bureau of the Census study by Alba M. Edwards used in National Resources PPlanning Board, *Industrial Location and National Resources* (December 1942), p.250).

[55] There are, of course, substantial income disparities in a number of countries but, even if all incomes were made equal, this generalization would still hold.

might appear unimportant in practice. In an exchange economy, as Adam Smith clearly saw, specialization is limited by the extent of the market.

The economic effect of the deficiency of demand may vary considerably from industry to industry. In general, the size of markets must be considered in its relation to the economic size of the plants in particular industries. Even in under-developed countries of the ECAFE region, the national market for many products, mostly consumer goods of the type of daily necessities, is in fact so large that, in addition to the production of a local optimum-scale plant, substantial imports will continue to be required. In this case, the problem is whether the local industry can compete effectively with foreign goods with respect to price and—where that has come to be considered important—quality.

In other industries where the output of the smallest economic factory is larger than the effective national demand, the market immediately becomes a limiting factor. Such a limited market offers no inducement to invest in factories with heavy capital costs. Even if a modern factory is established, the size of the plant tends to be restricted. Many plants are bound to operate far below the optimum level, thus precluding the adoption of various cost-reducing devices and the spreading of overhead costs. It is reported that, in the Philippine cotton industry, the spinning capacity of individual enterprises is mostly around 10,000 spindles, whereas the optimum level of capacity is estimated at about 25,000 spindles.[56] It is not possible for these smaller plants to make the best use of potential economies of scale. However, it is necessary to consider the potentialities of demand expansion in dynamic perspective. Market analysis is important and marketing techniques should be used to make sure that the fault does not lie in the field of distribution or in under-exploitation of the existing market. Also, the existing market may be growing. The Burmese experience with sulphuric acid production is a case in point. In 1949, the home consumption of sulphuric acid in Burma amounted to about 200 tons a year. When a plant of 600 tons capacity a year was introduced, it suffered considerable losses because, though far below the minimum economic size of 3,000 to 7,000 tons output a year, it still exceeded the absorptive capacity of the domestic market. A new project of a plant having a capacity of 3,000 tons was in 1957 denied governmental loan assistance, apparently for the reason that the home demand still seemed to be deficient. But the new plant is now flourishing because a series of newly established industries have provided a sufficiently enlarged market for its product.

Where productive plants of an efficient scale have been established previously, the narrowness of the market sometimes prevents the full utilization of their capacity. In southern Korea, for example, it is reported that only 60 per cent of the cotton spinning capacity and 50 per cent of the coal mining capacity are utilized. Though under-utilization may in some cases be partly attributed to other factors such as deficiencies in administrative co-ordination, there is no doubt that the limited size of markets may make it impossible to use the full capacity in certain lines of production in many of the smaller countries of the region. In view of the limited home market, there is also a likelihood of monopoly with consequences detrimental to market-oriented economic development. On a more fundamental level, as far as a market-oriented economy is concerned, the limited size of the monetary orbit clearly inhibits the emergence of rational and impersonal business decisions which are of crucial importance for the creation of a modern society of this type.

Foreign trade and international co-operation

In those cases where the market for the products of local industries is limited primarily by superior foreign competition, the market can be widened by artificially shutting out the foreign products from the national market. The traditional form in which an "infant industry" was protected was therefore the "protection" of a home market by means of tariffs. Today, the use of specifically protective tariffs, as distinct from general revenue tariffs, is not as common in the ECAFE region as might perhaps be expected. On the other hand, a number of countries of the ECAFE region have had resort to quantitative restrictions on competitive imports. The General Agreement on Tariffs and Trade (GATT), whose contracting parties in the ECAFE region include Burma, Ceylon, India, Indonesia, Japan and Pakistan, gives under-developed countries exceptional latitude in the use of quantitative restrictions under specified conditions.[57]

The potentialities as well as the limits of protectionism were brought out by the war-time experience of some under-industrialized countries of the region. In the absence of competition from abroad during the Second World War, a series of industries were established. The profits which were made disappeared, however, as soon as competing foreign goods re-entered the national market. In Ceylon, for example, some inefficient plants relied temporarily upon protection which virtually compelled buyers to take their wares, but the losses incurred were so heavy that it was finally decided to abandon or re-organize the plants. Artificial protection is not, therefore, always a high road to efficiency. All the arguments in favour of, not only "infant industry", but also "infant economy" protection do not demonstrate that it will contribute to the final solution of the market problem, unless the utmost care is taken to raise productivity and to enlarge the economic basis of the market. Only if the level of productivity and the level of real income and demand rise simultaneously will the desired transformation of the economy become possible.

One important aspect of the market problem is that of export markets. When the domestic market is limited, prospective entrepreneurs will find it all the more natural to look beyond their national boundaries for a potential outlet for their products. Export promotion policies can here be of considerable help. However, with the notable exception of Japan, there are not, in the ECAFE region, many instances of successful industrialization primarily

[56] Industrial Development Center, *Textile Industry in the Philippines*, Manila, March 1957, p.66.

[57] See Article XVIII of the revised General Agreement which is partially quoted in a footnote to the preceding section, p.22.

oriented to exports.[58] It is by no means easy for the latecomer to find a seat at the table of the world industrial market. Not being in a position decisively to influence the trends of the world market, a number of under-industrialized countries are forced to adapt their own structure of production to the changing conditions of world demand, which seems to operate in favour of the products of highly industrialized economies.

Since the world economy does not appear to facilitate the attempts of under-developed countries to embark on export-oriented industrialization, under-developed countries should, it has been forcefully argued, work out schemes of mutual co-operation among themselves. These schemes should have a fair prospect for success. The argument does not apply only to Latin America in respect of which it has been propounded,[59] but consideration of it has not yet progressed very far in the ECAFE region.[60]

The domestic market: balance or priorities

Whatever the prospects for successful import substitution or export promotion in a particular case, cumulative chain reactions can break the "vicious circle of poverty" and thus solve the economic problems of the domestic market. For supply, if there is proper co-ordination, can in fact create its own demand, and demand in its turn can support supply. From whatever side the original impetus may come, a rise in productivity will in turn generate forces which themselves tend to raise the level of real demand and markets, and *vice versa*. This cumulative process of growth may be led on the supply side by a general increase in productivity or by an increase in productivity which is restricted to a certain sector. In the latter case, if prices are reduced and if demand for the product is elastic with respect to price, the expansive effects may be considerable. The pattern of markets decisively affects the growth and transformation process. The growth process may, however, originate on the demand side of the market, for instance, by an expansion of the sphere of monetary transactions, by a linking of markets through improvements in transport and communications, or by changes in taste.

The doctrine of balanced growth attaches particular importance to the demand side as a point of departure. The argument is roughly as follows. The market for a particular manufactured commodity is inadequate to absorb the minimum output of an efficient plant, and the income created by the investment in the single plant is not likely to make good the deficiency. The plant will therefore be uneconomical in an isolated effort. However, if several manufacturing plants producing a range of different goods are established in, so to speak, a frontal attack, the incomes created in each sector will supplement each other, with the result that the market for the products of each establishment will be enlarged. Whereas the isolated investment in any one establishment alone is unprofitable, the co-ordinated investment in a balanced group of manufacturing activities ("balanced investment package") will be economically feasible. This leads to the theory of the "big push" in industrialization which has some common features with the thesis that certain minimum efforts are required for successful industrialization.

Clearly, this whole reasoning presupposes the creation of external economies, mainly of a pecuniary nature. External economies—external to the particular firm, but available to all firms in the industry—may be technological in the sense that the supply of input factors such as skilled labour is enlarged as a result of expansion in other firms or sectors, or pecuniary in the sense that the improved organization of the market reduces the marketing costs or the prices of factors or intermediate goods. The importance of external economies in economic development planning can hardly be doubted. The doctrine of balanced growth is also valuable for the understanding of the industrialization process to the extent that it points to the need to take a broader view of inter-industry relations. The programming approach is certainly better than the piecemeal project approach; it is important for industrial planning to take broad inter-industry repercussions and external implications into consideration, rather than to concentrate attention on the merits of single isolated projects.

However, the doctrine may lead to the prescription of "Nothing can be done unless everything is done at the same time". To that extent, it is not very suitable for many under-developed countries. This interpretation is commonly restricted to manufacturing industry, and mainly to those branches which produce consumer goods. But the restriction is hardly justified. Can the balanced growth of manufacturing industries providing markets for each other be self-contained, in isolation from the other economic sectors? Obviously not. The logic of the inter-industry relationships equally applies to the relations between manufacturing and agriculture. Industry cannot expand partly for the reason that it needs expanded markets in agriculture. But the market in the agricultural sector is limited by the low level of productivity in agriculture itself. A tempo of industrialization which is not justified by the level of agricultural productivity and is out of line with the income elasticity of demand cannot possibly be maintained for long or be beneficial. Too great a burden may be put on the price system, and inflation or balance of payments difficulties may be the result, as is the case in some of the developing countries in this region today. This means that the "big push" in industry may have to be supplemented by large-scale investments in agriculture and other sectors.

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[58] The recent experience of Hong Kong may be another exception. Other countries have of course developed a very considerable market over the years for particular products involving various degrees of manufacture (e.g. burlap in India).

[59] In fact, the five small countries of Central America have already taken a decisive step forward towards economic integration by signing a multilateral free trade and economic integration treaty and an agreement on co-ordination of manufacturing industries at the close of the Central American Economic Co-operation Committee, Teguciagalpa, Honduras, 4-10 June 1958. This economic unity is expected to become still more closely knit in the future, and to lead to a common market and a unified tariff system. "Industrial integration was sought and agreed to because it was felt that, individually, the market of each of the five republics was too small. If some of the major industries ... were geared to serve the region as a whole, production and consumption could be increased and the over-all economy would be strengthened". (Newsletter of the United Nations Office of Public Information, NL Vol. II/24, 13 June 1958).

[60] The Working Party at its fourth session concluded that opportunities of this kind were worth exploring. See below, p.....

Secondly, the price elasticity of demand may be fairly high for particular commodities. Most countries have some markets for manufacturing goods which are at present satisfied by imports. This indicates a possibility of developing single industries by way of substitution for imports. Above all, the unexploited chances of developing export markets should not be neglected. There is always a possibility of starting industrial expansion with cost reduction in existing establishments, instead of with new plants or industries. There will, therefore, always be some industries offering investment opportunities which can be taken up one at a time. In fact, this was the pattern of development which was historically followed by the now advanced countries.

Thirdly, the capital requirements necessary to do everything at once would be very large in many under-developed countries. The doctrine of balanced growth tends to emphasize complementarities in the market for a number of industrial activities. But the real difficulty in under-developed countries is the shortage of resources. In this respect, the relationships between industries soon cease to be complementary and begin to become competitive over the greater range of the productive process. A "big push" in industries will inevitably draw the resources in scarce supply away from other uses which must also be developed to achieve a balance in the real sense. Thus, a "balanced investment package" may lead to an actual imbalance between the various sectors of the economy.

For the planning authorities, the problem of investment allocation is thus posed in the form of balance or priorities. Balance is a good slogan. But, if balanced growth is interpreted to mean that nothing can be done unless everything is done at once, this slogan degenerates into a counsel of despair. It is true that the difficulty of markets could be solved more effectively by parallel investments in many lines of production making use of external economies of markets. In view of the limited supply of resources and of factors of production, however, there must be room for planning on a priority basis. One way of solving the market problem is by investments in basic economic and social overhead facilities, which are bound to be particularly important in the earlier stages of economic development. Improvements in transport and communications may, for instance, create and enlarge markets by bringing about conditions where a "big push" in industry is hardly needed, since individual projects become economically feasible as a result of a lowering of their real cost.

The sectoral balance as a market problem

Discussion of the market as a limiting factor in industrialization thus leads to the problem of the sectoral balance in the economy. Aside from the widening of markets by technical and institutional means—for example, by improvements in transport and communications and a wider spread of the use of money—the economic problems of markets are centred on the raising of productivity and on adaptation to the patterns of demand. This is essentially only one aspect of the balance between the sectors. The point may be illustrated by imagining a simple model of the economy consisting of the three sectors, agriculture, manufacturing and foreign trade. In general, these sectors must grow in the right relationship to each other, as determined by income elasticity of demand, or they cannot grow at all. The absence of manufacturing industry has been and still is, the main explanation for the low income-low productivity stagnation in many of the under-developed countries. Hence a strong case for industrialization. But, if excessive emphasis is placed on industrialization, to the neglect of agriculture, difficulties will arise. With the expansion of industry, the demand for agricultural products will increase. If the increased industrial output is used to replace imports, the foreign exchange thus released may be used to pay for agricultural imports. If not, and if agriculture is stagnant, the internal terms of trade will turn against manufactured goods, or imports will rise, creating balance of payments difficulties. A third possibility is that, through export promotion, the increased manufactured output may be sold abroad. Only exports can expand independently of a parallel expansion in a home sector. This is why foreign markets, both for agricultural and for manufactured goods, played a significant part in the earlier stages of economic development in many historical cases. In short, for industrialization to be successful, an expansion of industry must be accompanied by an expansion of either agriculture or exports, or by import substitution. This is the essence of the market problem.

This logic of inter-sectoral balance is a major consideration for industrialization, whether planned or unplanned. But the improvements of market conditions may have a very significant cumulative influence on the efficiency of the price system and also on the supply of factors such as entrepreneurship and labour skill. It might thus be said that the need for planning in the sense of securing inter-sectoral balance is even greater in a market economy than in a centrally planned economy.

V. CRITERIA FOR SELECTING PARTICULAR INDUSTRIES FOR ESTABLISHMENT OR EXPANSION[61]

In establishing an industrial development programme for an under-developed country, a planning authority has to make five important choices for a certain time period: (*i*) what goods to produce, (*ii*) how many to produce, (*iii*) how to produce them, (*iv*) where to produce them and (*v*) who should produce them. The last question is essentially one as to the relative scope of public, private and public-private joint enterprises. Question (*ii*) is a problem of target setting, question (*iii*) turns on the choice of production scale and techniques, and question (*iv*) on the location of industries. All these issues have been dealt elsewhere in connexion with the Working Party.[62] Question (*i*) is in effect that of selection of industries, which is the main concern of this section.

The present study emphasizes that basically international specialization provides major determinants in the selection of industries for establishment or expansion. However, the existing situation of international specialization based on the known supply of factors of production is not unchangeable in the long run. Moreover, in view of the particular characteristics of under-developed economies, e.g. the structural disequilibrium in factor supplies and the imperfection of factor markets, and in view also of the need for speedy development, certain social criteria may be applied in addition. In the identification of desirable social criteria, government policy naturally plays the major part.

International specialization as a major determinant

Economic development planning in general, and industrial development planning in particular, imply the use of deliberate policies by the government. However, such policies cannot disregard basic economic forces, and an understanding of these forces is of help in identifying areas where deliberate policies can be beneficially applied.

Broadly speaking, in the absence of government policies, demand and the relative scarcity in the supply of factors of production are the two major determinants in the pattern of industrial development. In a closed economy, manufacturing industries produce goods to satisfy only the demand of people inside the area of the economy, and the demand pattern plays a dominant role in determining the kinds of manufacturing industry to be established. These industries, in the absence of non-economic frictions, tend to be located in places where the supply of factors of production needed by them is relatively abundant and cheap, and where the combination of such factors of production, including transport services will, under the given production technique, result in the lowest unit cost of production.

With international trade (but restricted international movements of primary factors of production), demand for and supply of goods are no longer limited to one country. In the absence of trade barriers, a country tends to import goods from other countries which can produce them at lower cost and export to other countries goods which it can produce at lower cost. Thus, a part of its demand for goods is met by imports and a part of its supply of goods is created to meet foreign demand. Domestic demand alone ceases to be the dominant factor in determining the establishment and expansion of industries, unless for those goods which do not enter into international trade because the demand is peculiar to the country or because costs of transport are prohibitive.

What kinds of manufactured goods can a country produce at lower costs than other countries? This depends, to a large extent, on the prices of, and in turn, the relative scarcity of, factors of production (given a certain state of production technique) which are required in combination to produce these goods. Usually, factors of production are broadly classified into three major categories—land, labour and capital. This broad classification is, however, not sufficient for an inquiry into the selection of manufacturing industries for establishment and expansion.

Natural resources and raw materials-oriented industries

When one speaks of the factor "land", what one has in mind is natural resources of all kinds including agricultural, forestry, fishery, fuel and mineral resources, potential water power, etc., not forgetting climatic factors such as temperature and rainfall. The variety, quantity and quality of natural resources of a country determine the domestic supply of fuel and power and raw materials for its manufacturing industries, which, together with the transport costs, have a great bearing on the selection of industries.

The relevance of agricultural resources to industrial development is obvious. For one thing, on the supply side,[63] agriculture provides raw materials for industries. Agriculture in its various forms is the main economic activity in all countries of the region, with the notable exception of the territories of Brunei, Hong Kong and

[61] Revision of E/CN.11/DPWP.4/L.7, a paper prepared for the fourth session of the Working Party on Economic Development and Planning by the ECAFE secretariat.

[62] See the secretariat's working papers on "Government policies and measures to promote industrialization", and "The choice of scale and techniques of production" for this session of the Working Party (section III above and section VI below); on "Development policies and means of implementing development programmes, with special reference to ECAFE countries" (particularly the section on "The government's 'direct' means of implementation") for the sescond session, published in the *Economic Bulletin for Asia and the Far East*, November 1956; and on "Problems and techniques of economic development planning and programming with special reference to ECAFE countries", (particularly the section on 'target setting'), for the first session of the Working Party, published in the *Economic Bulletin for Asia and the Far East*, November 1955. For the problem of location of industries, see report of the United Nations Seminar on Regional Planning to the fourth session of the Working Party and the ECAFE secretariat's paper on the location of industries submitted to the United Nation Seminar on Regional Planning. (E/CN.11/RP/L.2, 3 July 1958).

[63] For the demand side, see section IV above on "markets" pp.34ff.

Singapore and, to some extent, the country of Japan. The percentage of economically active population engaged in agriculture for the majority of the countries and for the bulk of the land area in the region is 65-85 per cent and the percentage of total domestic product originating in agriculture is about 40-60 per cent.

The availability of agricultural resources in the countries of the region can be roughly indicated by the total and *per capita* area of (*a*) arable land and land under tree crops, (*b*) permanent meadows and pastures and (*c*) forested land, as shown in table 13. In relation to population, British Borneo, Burma, the Federation of Malaya and Thailand appear to be better endowed with agricultural and forestry resources than other countries of the region. These figures, however, do not indicate the quality of soil and climate and accessibility, the difference in which often results in immense variation in yields.

Owing chiefly to climatic and soil conditions but also to historical developments, the region's major crops are rice, wheat, oilseeds and oilnuts, rubber, cotton, tea, sugar and jute. As the processing of most of these crops usually results in a substantial loss of weight, the industries processing these crops are almost all located in the producing countries, in order to avoid the heavy cost of shipping waste matter to the place of manufacture outside the producing country. Moreover owing to perishability, many agricultural products (e.g. sugar cane, tea leaves and to a lesser extent paddy) have to be processed in places near the producing areas.

It is estimated that in many countries of the region the weight lost in preliminary processing reaches one-third for paddy, 60-70 per cent for groundnuts, and about 75-80 per cent for shelled groundnuts. In India and in the Federation of Malaya and Singapore, in the extraction of coconut oil from copra about 38 per cent of weight is lost, and much more in the case of oil from fresh coconut fruits. In Japan, when crude oil is pressed from soya beans, about 85 per cent of the weight is lost by the chemical process and 90 per cent by mechanical pressing.[64] When refined sugar is made from sugarcane, 90 per cent or more of the weight is lost. In Japan when dried and processed leaf tea is prepared from green leaves, about 75 per cent of weight is lost. Considerable weight is also lost in the processing of industrial raw materials of agricultural origin. For instance, the weight of jute fibre accounts for less than 7 per cent of the green weight of the plant in Japan and, when refined jute is made from raw jute fibre, about one half of the weight is lost in China (Taiwan). In Japan, the unginned cotton yields about 35 per cent of ginned cotton by weight. In Afghanistan and Pakistan, the greasy wool yields about 55 per cent by weight of clean wool. Hence, rice milling, vegetable oil extraction, sugar extraction, tea drying, cotton ginning and baling, jute refining and baling and rubber sheet making from crude rubber are almost all undertaken in the producing areas in the region. Thus employment in food manufacturing in India, Indonesia, southern Korea and Pakistan accounted for 9-11 per cent of total employment in all manufacturing industries and more than 25 per cent in China (Taiwan) and the Philippines where sugar extraction and refining are relatively important. (see table 14).

Similarly, lumber processing usually takes place near the timber stands; the bark, sawdust, and other waste are left behind, and only the finished lumber is shipped to the market. There are many sawmills in countries like the Philippines and Thailand where stands of timber are readily accessible.

Among agricultural raw material oriented industries, mention should also be made of the canning and preserving industry. Owing primarily to the perishability of the material, the industry for canning and preserving fruits, vegetables, fish and other marine products is usually located near the sources of supply. The pineapple canning industry in China (Taiwan), Federation of Malaya and Singapore and fruit canning in mainland China are examples. There appears to be room for further development in the canning and preserving industry in many countries of the region, e.g. fruit canning, nut canning (particularly in India) and fish canning (especially in southern Korea and the Philippines). The Philippines, while abounding in fishery resources, imports sizable amounts of canned fish from abroad, in spite of its serious balance of payments difficulties. Development of the fish canning industry, however, requires fishing fleets, power-operated nets and refrigeration, all of which are based upon the engineering industry which is lacking in most countries of the region.

Mineral resources provide fuel and raw materials to industry. In the ECAFE region, tin is one of the principal mineral products. The processing of tin ore into concentrates is a substantial weight-losing process which is done at the mine. The smelting of concentrate into tin metal does not involve so much loss of weight as does the washing of the ore, but it requires large-scale operation and a relatively large investment of capital if it is to be efficient. Thus, while some tin concentrates are smelted locally in China (mainland), Indonesia and Japan, a large part of Burmese, Thai and other ores are exported to the Federation of Malaya and Singapore for smelting, where good shipping facilities and modern equipment, are available. Some tin concentrates are exported to the United States, the United Kingdom and the Netherlands for smelting.

The smelting of aluminium from alumina derived from bauxite is another important metallurgical industry in the region. The aluminium industry is however not necessarily or generally raw-material-oriented. While the Federation of Malaya, India and Indonesia are the three main producers of bauxite of the region, only India is at the same time also an aluminium metal producer. Bauxite is produced in Indonesia and the Federation of Malaya entirely for export in its raw form. China (Taiwan) and Japan are the two other aluminium metal producers; here the cost of shipping bauxite from abroad is more than compensated by the low cost of hydroelectric power—the major component in the cost of processing alumina into aluminium.[65]

[64] The availibility of by-products in oil extraction such as oil cake and seed as domestic cattle feed, is another consideration in any decision to establish domestic oil-mills.

[65] United Nations, *Development of Mineral Resources in Asia and the Far East* (sales No 1953.II.F5) and *Mining Developments in Asia and the Far East, 1954-1955* (sales No 1956.IIF.4).

Table 13

NATURAL RESOURCES OF ECAFE AND CERTAIN OTHER COUNTRIES

Country	TOTAL							PER CAPITA						
					Water-power								Water-power	
	Arable land and land under tree crops	*Permanent meadows and pastures*	*Forested land*	*Coal reserves[a] (million tons)*	*Potential capacity[a]*	*Existing capacity*	*Iron-ore reserves[a] (million tons)*	*Population (thousand in 1956)*	*Arable land and land under tree crops*	*Permanent meadows and pastures*	*Forested land*	*Coal reserves (tons)*	*Potential capacity*	*Existing capacity*	*Iron-ore reserves (tons)*
	(in thousand hectares)				(thousand kilowatts)				(hectares)			(kilowatts)			
Afghanistan	2,500	25,000	1,000		over 1,000	11.3		12,000	0.21	2.08	0.08		0.08	—	
British Borneo:															
Brunei	38		388	×				66	0.58		5.88				
North Borneo	207	159	6,125	17				383	0.54	0.42	15.99	44			
Sarawak	3,370		8,652	20				626	5.38		13.82	32			
Burma	8,569		39,094	265	20,000	6.9	2	19,856	0.43		1.97	13	1.01	—	0.1
Cambodia	3,000	500	8,000		[b]			4,359	0.69	0.11	1.84				
Cambodia, Laos & Viet-Nam	9,960		35,708	20,000	[b]		48	32,409	0.31		1.10	617			1.5
Ceylon	1,512		3,532	51	550	31.3	4	8,929	0.17		0.40	6	0.06	—	0.4
China:															
Mainland	109,354	177,996	80,520	440,067	107,157[c]	351.8[c]	4,180	621,225	0.18	0.29	0.13	708	0.17	—	
Taiwan	873	60	1,768	712[d]	4,661	377.8		9,240	0.09	0.01	0.19	77	0.35	0.04	6.7
Hong Kong	13	0.4	34					2,440	0.01	—	0.01				
India	149,956	8,495	46,779	67,702	35,000	1,061.4	21,000	387,350	0.39	0.02	0.12	175	0.09	—	54.2
Indonesia	17,681		90,825	2,500	2,860	135.1	12	84,000	0.21		1.08	30	0.03	—	0.1
Japan	5,095	1,356	22,545	20,948	22,534	9,602.0	64	90,000	0.06	0.02	0.25	233	0.25	0.11	0.7
Korea, southern	1,995		6,344	1,091	944	113.1	424	21,800	0.09		0.29	46	0.04	0.01	19.5
Laos	1,020	940	14,208		[b]			1,450	0.70	0.65	9.80				
Malaya:					1,000	29.3	65	7,516					0.13	—	8.6
Federation of	2,219		9,700	61				6,252	0.36		1.55	10			
Singapore	16		20					1,264	0.01		0.02				
Nepal	3,110		4,500	×		3.4		8,700	0.36		0.52			—	
Pakistan	24,404		2,501	168	10,400	62.7	60	83,603	0.29		0.03	2	0.12	—	0.7
Philippines	5,938	1,174	15,875	42	2,267	159.4	30	22,265	0.21	0.05	0.71	2	0.07	—	1.3
Thailand	7,793		38,129	×	1,000[b]	0.9		20,686	0.38		1.55		0.05		
Viet-Nam	4,500		13,500					26,600	0.17		0.51				
Viet-Nam, southern					1,550[b]	1.0		12,366					0.13	—	
France	21,284	12,312	11,407	8,700[e]		2,720	6,560	43,648	0.49	0.28	0.26	199		0.06	150.3
Italy	15,756	5,748	5,761	5,500[e]		350	30	48,279	0.33	0.11	0.12	114		0.01	0.6
United Kingdom	7,899	12,305	1,613	173,900[f]	1,128[f]	431	3,760	51,208	0.14	0.24	0.03	3,396	0.02	0.01	73.4
United States	188,309	255,927	259,363	1,723,000[f]	109,500[f]	23,100	6,900	168,174	1.12	1.52	1.54	10,245	0.65	0.14	41.0

Source: Statistics on land areas are from Food and Agriculture Organization of the United Nations, *Yearbook of Food and Agricultural Statistics, 1956;* on coal reserves from United Nations, *Coal and iron-ore resources of Asia and the Far East, 1951* and *Mining development in Asia and the Far East, 1956;* on water-power from United Nations, *Electric power in Asia and the Far East, 1951 to 1955* (with, however, revised figures for some countries); on iron-ore reserves from United Nations, *Survey of World iron-ore resources, 1954,* and on population from *Economic Survey of Asia and the Far East, 1957.*

× Known to exist, but no estimate available.

[a] Known and estimated.

[b] Excluding potential capacity of the Mekong river.

[c] United Nations, *Economic Survey of Asia and the Far East, 1949,* p.373.

[d] Remaining workable reserves are estimated at about 160 million tons.

[e] A. J. Brown, *Industrialization and Trade,* The Royal Institute of International Affairs (Oxford University Press, London; 1943), table 1.

[f] *Fifth World Power Conference* (Vienna, 1956), pp.251,261 (USA); pp.226,235 (U.K.); p.608 (France); and p.672 (Italy).

Table 14

SELECTED ECAFE COUNTRIES: ANALYSIS OF MANUFACTURING INDUSTRIES

Industry and country	*Shares of manufacturing receipts (%)*		*Percentage of employee payrolls to "value added"*	*Shares in all manufacturing Industries (%)*	
	Raw materials	*Fuel & power*		*Employment*	*Value added*
Food, manufactured:					
China (Taiwan)		76.7	23.7	19.4	16.8
India	80.6	1.4	39.1	11.3	9.8
Indonesia				11.2	
Korea, southern				10.5	
Japan		61.6	27.2	11.2	11.8
Pakistan	76.8	2.4	34.7	9.0	8.7
Philippines	45.3	1.6	27.2	25.2	26.0
Beverages:					
China (Taiwan)		23.6	5.5	1.3	9.1
India	48.9	9.0	51.8	0.3	0.3
Indonesia				1.5	
Korea, southern				5.7	
Pakistan	22.8	4.8	9.6	0.1	0.6
Philippines	24.2	0.8	20.0	5.2	11.1
Tobacco products:					
China (Taiwan)		37.9	5.4	1.6	12.6
Indonesia				...	
Pakistan	46.4	0.6	7.9	1.0	5.7
Philippines	47.7	0.3	23.3	7.3	7.8
Textiles:					
China (Taiwan)		67.9	30.5	16.9	14.8
India	61.4	3.3	70.3	58.9	50.7
Indonesia				15.0	
Japan		73.5	36.3	19.9	14.1
Korea, southern				38.8	
Pakistan	47.2	3.5	32.3	51.4	46.7
Philippines	61.4	1.4	40.3	5.7	4.5
Footwear, other wearing apparel and made-up textile goods:					
China (Taiwan)		48.9	33.0	5.0	2.3
Indonesia				...[a]	
Japan		69.0	41.8	2.6	1.2
Korea, southern				2.7	
Pakistan	52.1	1.4	38.8	2.3	2.8
Philippines	60.2	0.5	47.9	13.9	5.3
Wood and cork products, except furniture:					
China (Taiwan)		59.2	34.4	5.8	3.9
India	58.6	4.6	45.8	0.3	0.2
Indonesia				2.7	
Japan		70.9	47.1	6.5	3.7
Korea, southern				4.5	
Pakistan[b]	65.9	1.5	64.9[c]	0.2	0.1
Philippines	51.1	4.2	64.9	10.6	4.9
Furniture and fixtures:					
China (Taiwan)		52.6	39.6	2.0	0.8
Indonesia				...	
Japan		58.2	53.2	2.1	1.1
Korea, southern				0.4	
Philippines	49.8	0.7	59.3	1.8	0.9
Paper and paper products:					
China (Taiwan)		68.6	41.9	2.1	2.0
India	48.2	7.9	45.8	1.5	2.2
Indonesia				0.8	
Japan		67.0	35.1	3.4	4.5
Korea, southern				2.1	
Pakistan	50.8	13.8	41.4	1.6	1.4
Philippines	51.8	3.7	26.8	1.7	1.9
Printed and published meterials and allied products:					
China (Taiwan)		35.3	36.3	3.4	3.7
Indonesia				5.5	
Japan		46.2	36.9	4.7	5.8
Korea, southern				4.4	
Pakistan	35.6	2.2	51.8	3.9	3.0
Philippines	44.2	1.0	69.5	5.0	3.1

Table 14

SELECTED ECAFE COUNTRIES: ANALYSIS OF MANUFACTURING INDUSTRIES *(Cont'd)*

Industry and country	*Shares of manufacturing receipts (%)*		*Percentage of employee payrolls to "value added"*	*Shares in all manufacturing Industries (%)*	
	Raw materials	*Fuel & power*		*Employment*	*Value added*
Leather products, except footwear and other wearing apparel:					
China (Taiwan)		72.6	59.4	0.5g	0.2
India	56.8	5.4	37.5	3.2	5.8
Indonesia				2.3	
Japan		72.7	42.2	0.5	0.5
Korea, southern				0.4	
Pakistan	61.8	0.6	12.5	1.2	2.0
Philippines	56.3	1.0	29.5	0.4	0.3
Rubber products:					
China (Taiwan)		64.3	35.0	1.7	1.0
Indonesia				4.3	
Japan		59.6	30.0	1.6	1.9
Korea, southern				6.2	
Pakistan	48.5	3.8	25.1	0.8	0.8
Philippines	49.8	2.3	44.7	1.8	1.0
Chemical and chemical products:					
China (Taiwan)		68.8	29.2	7.0	8.4
India	88.2	1.6	55.4	4.6	3.8
Indonesia				5.6	
Japan		60.3	28.2	7.2	14.3
Korea, southern				3.5	
Pakistan	48.5	4.5	21.4	4.3	8.4
Philippines	54.6	1.2	26.3	5.1	9.6
Products of petroleum and coal:					
China (Taiwan)		56.7	19.9	1.1	3.3
Japan		65.8	21.0	...	1.7
Korea, southern				0.9	
Non-metallic mineral products, except products of petroleum and coal:					
China (Taiwan)		44.9	32.8	9.6	6.0
India	35.0	18.3	44.4	3.7	4.1
Indonesia				3.8	
Japan		48.9	35.4	5.4	5.6
Korea, southern				7.1	
Pakistan	28.3	22.8	36.7	3.1	3.4
Philippines	24.8	14.1	25.4	3.5	5.0
Basic metal products:					
China (Taiwan)		73.9	41.0	2.1	1.9
India	45.3	8.5	42.8	6.3	13.2
Japan		73.9	43.0	5.6	8.5
Korea, southern				2.4	
Pakistan	66.6	5.8	44.3	1.9	1.7
Philippines	35.0	10.6	29.9	0.7	0.9
Metal products, except machinery and transportation equipment:					
China (Taiwan)		58.1	44.0	4.6	2.0
Indonesia					
Japan		62.3	44.4	4.9	3.9
Korea, southern				2.4	
Pakistan	62.3	4.1	70.3	5.1	2.4
Philippines	53.5	2.0	43.1	4.1	3.6
Machinery, except electrical machinery:					
China (Taiwan)		49.0	42.5	4.2	3.1
India[d]	54.8	2.7	63.2	10.0	9.8
Indonesia				1.4	
Japan		56.5	49.6	7.6	6.5
Korea, southern				2.4	
Pakistan	49.7	7.1	61.1	1.4	0.7
Philippines	50.3	1.7	59.0	1.9	1.1
Electrical machinery apparatus, appliances and supplies:					
China (Taiwan)		64.7	44.0	1.7	0.9
Indonesia				...	
Japan		53.6	39.0	4.7	5.5
Korea, southern				0.5	
Pakistan	46.1	2.7	38.2	0.9	0.7
Philippines	41.4	1.8	31.1	0.7	0.8

Table 14

SELECTED ECAFE COUNTRIES: ANALYSIS OF MANUFACTURING INDUSTRIES *(Cont'd)*

Industry and country	*Shares of manufacturing receipts (%)*		*Percentage of employee payrolls to "value added"*	*Shares in all manufacturing Industries (%)*	
	Raw materials	*Fuel & Power*		*Employment*	*Value added*
Transportation equipment:					
China (Taiwan)		36.8	38.4	5.9	4.8
Indonesia				4.2	
Japan		68.0	61.4	6.5	5.9
Korea, southern				3.2	
Pakistan	54.3	4.1	85.3	2.6	1.2
Philippines	69.3	0.7	63.6	2.8	2.0
Miscellaneous manufactures:					
China (Taiwan)		40.8	30.5	4.1	2.4
Indonesia				2.6	
Japan		58.4	45.0	5.0	3.5
Korea, southern				1.7	
Pakistan	85.1	1.4	40.7	9.0	9.6
Philippines	34.1	1.7	10.9	2.6	10.3
Total:					
China (Taiwan)		61.4	25.8	100.0	100.0
India	64.8	3.8	58.6	100.0	100.0
Indonesia				100.0	
Japan		64.3	38.2	100.0	100.0
Pakistan				100.0	
Korea, southern	61.7	3.4	33.5	100.0	100.0
Philippines	46.8	2.0	31.2	100.0	100.0

Source: For China (Taiwan), the Executive Group of ICCT, General Report on Industry and Commerce Census of Taiwan, 1954; for India, Directorate of Industrial Statistics, Cabinet Secretariat, *Report of the Ninth Census of Indian Manufactures*, 1954 which covers establishments employing 20 or more workers; for Indonesia, data supplied by the Government for those establishments using power machines or employing 10 or more persons; for southern Korea, the Bank of Korea, *Summary report on mining and manufacturing establishments census, 1955* for establishments employing 5 or more regular workers; for Japan, Ministry of International Trade and Industry, *Census of manufacturing 1955* for establishments employing 4 or more persons; for Pakistan, census of manufacturing industries 1954 for establishments employing generally 15 or 20 persons or more, published in Central Statistical Office, Ministry of Economic Affairs, *Statistical Bulletin*, May 1957, and for the Philippines, National Economic Council, Bureau of the Census and Statistics, *1956 Survey of manufactures: General statistics for large establishments*, vol. 1, series 1, for establishments having a total employment of over 20.

[a] Manufacture of wearing apparel and made-up textile goods only.

[b] Including manufacture of furniture and fixttures.

[c] West Pakistan only.

[d] Including electrical machinery and transportation equipment.

Manganese, tungsten, chrome, molybdenum, antimony, copper, lead and zinc are produced in some countries of the region, but they are largely exported (in concentrate form), except in the case of Japan and, to some extent, mainland China and India.

The iron and steel industry and the allied engineering industry are large users of energy (i.e. coal) and the raw material which they use (iron ore) is heavy. The weight of coal used in smelting exceeds that of the iron ore and hence the steel industry is found to be located near coal mines; in a number of cases abundant supply of water is almost equally essential, and instances are not wanting of a steel industry being situated in places away from but well connected with the mines of both coal and iron ore. Among ECAFE countries, only mainland China, India and, to some extent, northern Korea have significant reserves and, together with Japan (which has limited reserves), extensive production of iron-ore and coal. The Philippines and the Federation of Malaya, though substantial producers of iron ore, are short of coal, and hence almost the entire output of iron-ore in these two countries is exported to Japan. However, a new process which makes possible the use of non-coking coal has been developed, and the Philippines is beginning to set up a new steel plant by adopting the new process. Pakistan and southern Viet-Nam have some iron-ore reserves, but their coal reserves appear inadequate. In all other countries, both coal and iron ore reserves are small (see table 13).

In the absence of an iron and steel industry, and capital and skill, it is difficult to develop heavy engineering whose establishment requires not only a supply of cheap steel but also a large amount of capital including heavy and complex equipment, precision tools, and advanced techniques and skills. All the latter elements are generally lacking in ECAFE countries, especially in those where the iron and steel industry does not exist. Within the region, the heavy engineering industry is most highly developed in Japan, followed by India and mainland China.

Besides metallurgy, the processing of many crude non-metallic minerals such as limestone and sand also requires a large fuel consumption and involves a high proportion of weight loss. The raw materials from which these minerals come are also usually heavy. In Pakistan,

the fuel bill of the group of industries manufacturing non-metallic mineral products (other than coal and petroleum) reaches 22.8 per cent of the gross value of the products, as compared with an average of 3.4 per cent for all manufacturing industries. In the Philippines, the corresponding percentages are 14.1 and 2.0. In Japan, the fuel and power used in the stone, clay and glass manufacturing industry accounted for 15.5 per cent of the gross value of the products, as compared with an average of 3.9 per cent for manufacturing industries as a whole (see table 14). In India, the corresponding percentages were 19.1 for the cement industry, 17.2 for glass and glassware and 15.1 for ceramics, as compared with an average of 3.8 per cent for all manufacturing industries. Generally, the "manufacture of non-metallic minerals, except coal and petroleum", ranked highest among manufacturing industries in the value proportion of fuel consumption in the gross value of products. In terms of weight, one Indonesian cement factory may serve as an example. To produce one ton of cement, this factory needs 1.63 tons of raw materials, chiefly limestone, and 0.32 ton of fuel; the use of electricity is not counted. Thus, industries making ceramic and clay products, glass and glass products are usually found in places where raw materials are available.[66] The heavy chemical industry (including chemical fertilizers) also requires a large amount of energy, and is usually located near fuel and power sources.

Fuel and power are clearly essential to the operation of manufacturing industry. While coal, lignite and some petroleum products can be used as fuel directly, they can also be used to produce electricity. Electricity can also be produced from water power. Natural gas is another source of energy. The ECAFE region is poor in known reserves of coal and lignite which are estimated to amount to only 5-6 per cent of the known world total. Moreover, these reserves are concentrated in a few countries of the region; they are negligible except in Cambodia, mainland China, India, Japan and Cambodia-Laos-Viet-Nam, especially on a *per capita* basis (see table 13). Even Japan has to import large quantities of coal to supplement its domestic production. In fact, with the important exception of China, India[67] and to a much less extent Indonesia, all countries of the region import "solid fuels". Burma, Ceylon and Thailand have to depend almost entirely on imported coal supplies.

Figures on petroleum reserves are incomplete. At present Indonesia, Brunei and Iran are the only large petroleum producing countries in the region, followed by mainland China, Burma and Pakistan. Most other countries depend almost exclusively on imports of "liquid fuels", which in fact account for a sizable share of the foreign exchange outlays in several cases. Natural gas is being produced in Brunei, China (Taiwan), Indonesia, Japan and Pakistan. Except in Indonesia, current output appears to be small; Pakistan, however, has been coming up rapidly in this regard in recent years.

Water power for electricity, which obviously depends on the existence of suitable rivers, is especially important in countries having small fuel reserves. The potential water-power resources are comparatively large in Burma, mainland China, India, Japan, Pakistan and some other countries — for example, the ripurian countries of the Mekong river. The existing hydroelectric generating capacity is nevertheless small except in China (Taiwan and mainland), India and Japan. Moreover, on a *per capita* basis, China (mainland) and India still rank low. (see table 13). The development of large-scale hydroelectricity requires heavy equipment and construction work the availibility of which is restricted by the shortage of both capital and engineering technique in many countries of the region.

Only when energy can be supplied amply and at reasonable cost can industries be developed on a solid and broad base. The *per capita* consumption of energy from commercial sources, which can be used as an indication of the extent of industrialization, was in 1954 just under one ton (0.96 ton) of coal equivalent in Japan; about 0.60 in Hong Kong and Brunei; 0.50 to 0.30 in China (Taiwan), the Federation of Malaya and Singapore, and Sarawak; between 0.10 and 0.15 in southern Korea, India and the Philippines; below 0.10 in the other countries of the region. The average for the world was 1.20 tons; for United States, 7.64; the United Kingdom, 4.76; France, 2.35.[68]

It may be mentioned that continuous improvement in the utilization and transport of fuel and in the transmission of electricity has reduced the importance of proximity to fuel resources. But certain groups of industries, notably ferrous metallurgy, primary metal processing, cement, glass, ceramics and heavy chemicals, are still heavily influenced by geographical differences in fuel costs.

Market-oriented industries

While the presence of natural resources is an important condition for industrial development, it is not the sole condition. Japan, even with inadequate coal and few raw materials, has become industrialized; Hong Kong, with neither indigenous fuels nor hydroelectricity, with a shortage of land for industrial sites, virtually no industrial raw materials, and no government protection, has rapidly developed its industries in postwar years until manufacturing is now estimated to contribute over one-third of its national income. On the other hand, the mere possession of raw materials such as rubber, tin or copra does not guarantee that a country will advance beyond just the processing of crude materials. Other factors—markets, capital, technology and skills—are also important in industrial development, although the pattern of natural resources does determine, to a considerable extent, the *pattern* of industrial development.

There are commodities that a country can make even if it does not have locally available materials. When the cost of transporting the finished goods exceeds the

[66] For instance, the flat glass factory in southern Korea is located in Inchon near the seashore, where the sand needed for the factory can be transported cheaply by steamship from nearby islands.

[67] The problem of transport cost for coal in India is however serious.

[68] Of course, the heat requirement of energy is much less in countries located in the tropical belt than those elsewhere. Data are from the United Nations, *World Energy Supplies, 1951-1954*, (New York).

cost of transporting the raw materials and fuel, a processing or manufacturing industry is attracted to location near the market. This happens to commodities that gain weight or bulk in the manufacturing process. For instance, Coca-Cola extract is made in Atlanta, United States and is then carried all over the world to local bottling companies, where carbonated water is added and the product bottled. Beer, like soft drinks, is a weight-adding product; it, too, tends to be produced near its market areas. The demand for beer and soft drinks is usually widespread, especially in tropical areas. Moreover, although the production processes are comparatively capital-intensive, they do not require advanced techniques. Thus, in most countries of the region, beer breweries and soft drinks industries have been established on a sizable scale.

Another example of market-oriented manufacturing is the assembly of automobiles, motor cycles and bicycles. Parts are made principally in places having ready access to iron and steel and fuel, and also to capital and enterprise. Unassembled parts, compactly packed, can be shipped to plants for assembly near the market in order to save freight. This is especially economical if labour is cheap near the markets. However, as the scale of automobile assembly must be large to be economical, the market has also to be substantial. All these factors explain why automobile assembly plants have been established in India, the Philippines and Singapore (which serves the markets in nearby countries), as well as in mainland China and Japan, but not in other countries of the region. The assembly of bicycles is much simpler and can be done in small workshops. As *per capita* real income grows and the demand for bicycles increases, many less developed countries can import parts and do the assembly work themselves.

A country which does not have iron and steel and other basic metal industries can still develop an industry making or fabricating simple metal products or even marketing light engineering products out of imported iron and steel and other metal materials. Such processed metal materials, although heavy, lose little if any of their shipping weight when made into metal products. Moreover, metal products are generally much more bulky than iron and steel and other processed metal materials in sheets or bars, and for this reason their import thereof tends to entail much higher transport charges. Furthermore, some metal products may require special sizes and designs to suit local conditions and tastes. Thus, it is usually economical to make metal products near the market. The metal box industry in Singapore, for example, uses largely imported materials. Another example can be found in Thailand where, although no iron and steel industry exists, there have lately sprung up in Bangkok a number of workshops making frames and bars for windows, doors and staircases, according to Thai design, with imported materials. In the Philippines, the manufacture of metal products recently accounted for about 4 per cent of all manufacturing employees and in Pakistan about 6 per cent (in establishments with generally 20 or more employees). (see table 14).

Furniture, like metal products, is more bulky than the materials from which it is made, and some importance attaches to local styles and sizes. Moreover, both industries are labour-intensive. For these reasons, they are generally located near the market. In Pakistan in 1954, the shares of employees' payrolls in "the value-added of the products" were 70 per cent in "metal products, except machinery and transportation equipment" and 65 per cent in "manufactures of wood and cork products, including furniture and fixtures". In the Philippines in 1956, the shares were 43, 65 and 59 per cent respectively in "metal products, except machinery and transportation equipment", "wood and cork products" and "furniture and fixtures". The fuel and power consumption in the manufacture of metal products is not very high, and that in the making of furnitures and fixtures definitely low. For these reasons, these industries hold promise of development in many countries of the region where they have not yet been fully developed to satisfy the local demand.

Also market-oriented (in contrast to canned and preserved foods, which are largely materials-oriented) are perishable commodities sold in fresh form and in small quantities for immediate consumption, such as bread and other baked food, fresh milk and butter and ice. Newspapers may also be considered as a perishable product; differences in language often make them even more localized. These industries are found, or can be developed, in almost every city of any size in the region.

Capital and labour

As has been indicated, where transport costs exert a significant influence, they afford some sort of natural protection to (1) industries for processing or refining locally produced materials which lose much weight in the operation, and (2) industries for manufacturing (although sometimes with simple processes) those commodities for the local market that gain weight or bulk in the operation. Such industries will become more advantageous if they require, in addition, limited capital but heavy labour outlay, as in many under-developed countries of the region where capital is scarce and labour relatively abundant.

Cheap labour is sometimes so important that, even where transport costs exert little influence, it may become advantageous for many under-developed countries to establish highly labour-intensive industries. Moreover, where commodities can be produced by different techniques, combining capital and labour in varying proportions, some under-developed countries may also be in a good competitive position to establish industries using labour-intensive techniques for the production of commodities produced by capital-intensive method abroad.[69]

On this point, further clarification of the concept of labour cost is needed. Labour cost is sometimes confused with the wage rate. In fact, in the manufacturing process, for example, a low wage rate does not necessarily result in a low labour cost, or a high wage rate in a high labour cost, since the productivity of the worker has also to be taken into account. When in a certain industry the wage rate in under-developed

[69] This aspect is discussed more fully in section VI below.

country A is one-tenth of that in developed country B, but the labour productivity in B is 15 times that in A, the labour cost in A is not less but greater than in B. Secondly, when we say that labour is abundant and cheap in (over-populated) under-developed countries, it is unskilled labour that is meant, since managerial and technical personnel and skilled labourers are scarce in under-developed countries and their services may well be comparatively dear (in relation to productivity). Thus, labour-intensive industries in which skill is important and the cost of skilled labour occupies an appreciable share in total cost of production (or in other words, skill-oriented industries) are not among those which under-developed countries are generally in a favourable position to develop. The scarcity of technical, managerial and related workers in five ECAFE countries as compared with the United States and the United Kingdom can be seen from table 15.

Table 15

TECHNICAL, MANAGERIAL AND RELATED WORKERS AS PERCENTAGES OF TOTAL ECONOMICALLY ACTIVE POPULATION

Country and year	*Professional, technical and related workers*	*Managerial, administrative, clerical and related workers*	*Total*
Burma, 1953[a]	3.6	9.5	13.1
India, 1951	1.6	0.3	1.9
Japan, 1950	4.6	10.5	15.1
Pakistan, 1951	1.0	2.3	3.3
Thailand, 1947	1.0	8.2	9.2
United Kingdom, 1951	6.1	12.5	18.7
United States, 1950..	7.9	20.7	28.6

Source: United Nations, *Demographic Yearbook 1956.*
[a] Urban area.

If a country possesses certain special skills which are a predominant factor in the process of manufacturing, and if transport costs of both materials and products are unimportant, it can enjoy comparative advantages and serve not only domestic but also foreign markets. The watch-making industry in Switzerland and the manufacturing of high-quality glassware in Belgium are examples. In the ECAFE region, special skills are often found in the handicraft industry, e.g. embroideries in China and the Philippines and hand-woven fabrics with artistic design in many countries of the region. These offer possibilities of further development.

There are some processing industries which do not reduce the weight, or increase the bulk. The transport cost is then more or less the same whether the country imports the raw material or the finished article. If other factors are favourable, an under-developed country can establish or expand such industries on the basis of imported raw materials. Examples of such commodities are matches, cigarettes, plastic novelties, cigarette lighters and other small metal products, soap, cotton and woollen textiles and clothing (especially cotton), boots and shoes. The textile industry is at present particularly important to countries of the region. Available statistics show that employment in this industry recently accounted for 59 per cent of total employment in all manufacturing industries in India, 52 per cent in Pakistan—the two large raw cotton producing countries of the region; 39 per cent in southern Korea, 15-20 per cent in Indonesia, Japan and China (Taiwan); and 6 per cent in the Philippines (see table 14).

These industries are generally neutral or indifferent to the pull of raw materials and fuels or of the market. Most of them turn out highly differentiated products for an unstable market. Individual features and seasonal styles are important factors in determining the markets for any one firm's output. The capital requirement is usually low and the labour cost high. Thus, these industries tend to be located in places where wages are low in relation to productivity, and where basic facilities, such as electricity, general engineering services, good distribution and transportation facilities are readily accessible at a reasonable cost. These favourable factors are usually available in big cities of the region, especially trans-shipment points. Produced at a comparatively low cost, these commodities can even be exported, in addition to supplying the local market. The export markets for most of these products tend to be concentrated in other under-developed countries, as the quality is usually low, so that the price is within the reach of comparatively low-income people. All these factors explain why cotton weaving, shoes, other wearing apparel, small metal products and other miscellaneous industries have become fairly well developed in Osaka, Calcutta, Hong Kong, Shanghai, Singapore and other metropolitan cities.

STAGES OF INDUSTRIAL DEVELOPMENT

Manufacturing is a complicated process. As a rough generalization, one can say that the initial stages usually involve bulk reduction, preservation, purification, grading and standardization, and commonly also heavy fuel consumption. The resulting products are thus more easily shipped and sold than the crude materials. These earliest stages of processing are usually materials-oriented and tend to be undertaken in the raw material producing countries. Entrepreneurship in the exploration of markets and consumer's taste, and labour skills, are not very important.

In the intermediate and late stages of production, the weight of processed materials is not much greater than that of the final products. On the other hand, these stages involve differentiation of products into many separate types and sizes, and the products become progressively more valuable in relation to their weight, more difficult to pack and handle, and more fragile and perishable both because of their physical nature (e.g. ice) and because of possible changes in fashions (e.g. ladies' shoes). Distribution costs are therefore quite likely to be higher per ton of product than is the cost of procuring materials. These stages tend to be market-oriented. Technological innovation in making new processed materials or semi-finished goods (e.g. plastics, synthetic fibres), and in finding new uses for such materials, is important; so also are entrepreneurship in introducing new processes of manufacturing and in exploring and invoking consumers' demand, and labour skill, specializing in certain lines.

Since most countries of the region are still in the early stages of their industrial development, there is a substantial degree of concentration on food processing, vegetable oil extraction, the making of simple wood and clay products, rubber processing, and processing of textile fibres. All these are based directly on the local products of agriculture and forestry and supply elementary human needs for food, shelter and clothing. A part is exported in exchange for imports which the countries themselves do not produce—chiefly manufactured goods of higher stages. Further development, still undoubtedly possible along these lines, depends substantially on agricultural development. But the primary processing of materials already extensively produced within the region does not greatly ease the pressure of population on the land, or contribute to economic development by introducing new skills. It merely makes the previous products easier to transport and more valuable. Further profitable lines, e.g. the development of industries at higher stages of manufacturing, have to be sought. In this connexion, particular mention may be made of the importance of the machinery industry which, by providing various types of machinery and machine tools to other manufacturing industries, is an important base for industrialization.[70] The skill required to make machinery and machine tools can also play a useful part in the establishment and expansion of engineering services which are essential to repairs and maintenance of capital equipment in manufacturing industries.

Criteria of social importance

For the sake of convenience in analysis, the foregoing discussion is based on the assumption that there are no trade barriers and no deliberate policies undertaken by the government. It also makes certain other assumptions, of which the most important are that the supply of the primary factors of production is more or less fixed and that private profitability is the only guide to industrial development. However, from the point of view of the whole economy of a country, the indirect contribution to the society of a new industry has also to be taken into account, the possibility of differences between the market prices and the "intrinsic value" of the factors of production should be considered and the relation of the project to future development is also important. Hence, other criteria for the selection of industries in an under-developed country also come into play which are, in effect, criteria of social importance.

Changeability in the supply of factors of production, and external economies

While natural resources are important in shaping the pattern of industrial development of a country, present knowledge is still far from complete, especially in the less developed countries of the region, as to the types, qualities and quantities of natural resources that are available and the extent to which they are accessible. Technological innovation applied to geological prospecting and intensive exploration may help to discover more and new resources. Recent discoveries of new resources include natural gas in West Pakistan and the oil fields in southwest and northwest parts of mainland China.

Moreover, there is still ample room for development in making even known resources and known technology available at reasonable cost to industries. Availability of irrigation and drainage facilities, land reclamation and application of fertilizers tend to affect favourably the extent of utilization of agricultural resources and the supply pattern of agricultural output usable as industrial input. Water resources can also be developed for power generation and navigation. One good example of a project of this kind in this region is that for the development of the lower Mekong River basin. Railroad and road building and the development of water transport tend to widen the market and reduce the cost of transporting both the raw materials used and the goods produced by industries.

Abundant factors of production can, to a certain extent, be used to increase the supply of scarce factors. Examples are provided by the use of otherwise unemployed labourers in Hong Kong for levelling hills and reclaiming land from the sea so as to provide additional industrial sites, and the use of highly labour-intensive methods to build dams, irrigation canals, roads and railroad tracks in mainland China where there is a large amount of surplus labour. The scarcity of skilled labour can also be remedied by the provision of education and training facilities.

Discoveries of additional resources, the further development of existing resources and the improvement of the supply of scarce factors by the use or transference of abundant factors all tend, in due course, to effect the supply and relative scarcity of factors of production, especially secondary factors of production such as processed producer goods, and consequently also the comparative cost position and the economical selection of industries in a country. But they usually involve additional capital expenditure, labour outlay and risk. Such undertakings are in most cases unprofitable to private enterprise, and constitute a field where the government may well step in and where external assistance is often needed. The selection of such development projects is therefore governed not by profitability, but by their estimated net direct and indirect contribution to the national product.

The analysis of indirect contributions leads to the concepts of "external economies" and "inter-industrial relations". Any "economy" which is brought about by a particular project, other than a change in its own direct net product, can be regarded as an "external" economy generated by the operation of that project.[71] Such economies are usually transmitted "vertically" among industries—perhaps most often forward from higher stages which supply raw materials, intermediate products and services such as transport and power, to

[70] Many types of machinery and machine tools can be manufactured economically in a country even by using imported steel (as they involve very little weight-loss in the process of manufacturing) provided it has the skill.

[71] See Fleming, M., "External economies and the doctrine of balanced growth," *Economic Journal*, 1955.

low stages producing for consumers.[72] In an integrated programme of industrial development, low rates of return (direct contribution) in one or more branches are tolerated if they are necessary to high profits or direct contribution in others. Typical projects which yield substantial "external" economies are power, transport, education and the technical training of workers.

While it is true that the profitability of manufacturing industries is enhanced or made possible by the establishment and expansion of such "factor-producing" or "producer-goods" industries, the scarcity in the supply of certain factors of production limits the latter industries' expansion, at least during the stage of construction. Thus, balance and co-ordination of different types of projects in the plan are essential.

Market prices versus "equilibrium value" of factors of production

The calculation of private profitability in industrial investment is naturally based on market prices. However, existing prices form a very imperfect guide to resource allocation, especially in under-developed countries. The fact that resources markets are far from balanced at existing market prices is reflected in the deficiency of investment funds at prevailing interest rates, the shortage of foreign exchange at the effective and official rates of exchange, and the existence of large amounts of under-employment at present levels of money wages. The presence of such "structural disequilibrium" or "fundamental disequilibrium" means that the price structure needs to be modified as a tool of resource allocation. To remedy this deficiency, "shadow prices" or "accounting prices" are suggested by several economists,[73] and have perhaps been used in the centrally planned economy of mainland China.

It is argued that the existence of widespread unemployment — open and disguised — makes it very probable that the equilibrium wage rates at which such widespread unemployment could be eliminated in the short run will be considerably less than market wage rates. Market wage rates, especially in industries, tend to be raised where trade unions are strongly organized; in some countries, e.g. the Philippines, minimum wage laws have a similar effect. A private investor who calculates profits at market prices will naturally choose the most efficient technique of production within the limit of the capital resources he can command. It will mean a loss to him if he employs more workers than the most efficient method requires. To the country, however, the sacrifice is much less, for, if the extra workers are not employed, they will be idle and will add nothing to the national product. Therefore, it would be advantageous to a country, it is widely agreed, if "accounting" or "shadow" wage rates reflecting equilibrium rates could be used in the *evaluation* of investment in industrial and other economic development projects. There are; however, difficulties in putting this theory into practice.

First, while the hypothetical equilibrium wage rate might be very low in countries with widespread unemployment, the elimination of widespread unemployment would also entail certain social costs for the transfer of workers from agriculture to industry, in view of resistance arising from inertia and family ties, and of training, housing and other related needs. Second, there are different types of labour. While unskilled labour is abundant in under-developed countries, skilled labour is scarce; a low "accounting" wage for labour as a whole might result in a waste of skilled labour; different equilibrium wage rates should therefore probably be used for different categories of labour. Third, there are industries where the techniques of production are rather inflexible, and efficiency and productivity would suffer greatly if more workers were employed at lower "accounting" wages. Fourth, the use of "accounting" wages in project appraisal would mean the need for subsidies by the government to private enterprises. This not only raises a highly complex problem of public finance but also implies state supervision over the numbers of workers to be employed. Finally—on a different level—it may perpetuate inefficient methods of production and thereby go against the very spirit of accelerating industrialization and economic development. It will appear that no countries in the region (except perhaps mainland China) have used "accounting" wages in their evaluation of projects. Nevertheless, consideration deserves to be given to this approach.[74]

In the case of interest, equilibrium rates are probably much *higher* than market rates. This is indicated by the shortage of capital at market rates and the need to attract additional savings. The interest rates charged by international institutions are especially moderate. Also, many countries of the region pursue a policy of cheap credit, particularly where credit is extended by government financial institutions. With the "disequilibrium" theory in view, it may be considered problematical whether this policy has resulted in the misuse or overuse of a scarce factor (capital) or whether it has helped by stimulating private investment for development. For example, it appears possible that in the Philippines, with high money wages (arising chiefly from the minimum wage law), cheap credit (low interest rates) and cheap foreign exchange (i.e. at the official rate of exchange), not to speak of tax exemption privileges, manufacturing industries may have become unrealistically capital-intensive. As an indication, the recent share of labour cost in "value added" in all manufacturing industries was 31 per cent, which is the lowest among the five countries where such figures are available[75] (see table 14). Here again, serious thought should be given to the merits of using "accounting interest rates" for project appraisal and approval.

[72] The "vertical' transmission of "external" economies from lower stages to higher stages of production and the "horizontal" transmission among industries are chiefly concerned with the demand side and are dealt with in section IV above on "markets", pp.34. See also F. Perroux, "Note sur la notion de role de croissance" in *Economic appliqué* (Paris), vol. VIII, Nos. 1-2, Jan-Jun 1955, page 32, foot note 1.

[73] Cf. Tinbergen, J., *The Design of Development* and Chenery, H.B., and Kretchumer, K.S., "Resource allocation for economic levelopment", *Econometrica,* October 1956. It may, however, be noted that, if the deficiency were completely remedied (compensated), there might remain no market forces at work to reduce or eliminate the structural disequilibrium in the long run.

[74] See also "Some aspects of investment policy in underdeveloped countries", *International Labour Review,* May 1958.

[75] The statistics, however, show low capital-output ratios. This appears to be due chiefly to the valuation of imported capital assets at the official rate of exchange and to high domestic prices of output resulting from import restriction.

A continuing disequilibrium in the balance of payments has been a familiar experience to many countries of the region in the postwar period. This situation reflects a complex of factors, such as different inflationary and deflationary tendencies in the country as contrasted with these in countries with which it is trading and structural changes in world demand for exports of the country concerned. It often results in trade and exchange controls, whereby the official exchange value of the currency is much higher than the market exchange value. (Or, in other words, foreign exchange, in terms of local currency, becomes cheaper at the official rate than at the market rate). Thus, the choice of the exchange rate in project appraisal becomes a serious problem, especially since many projects in less developed countries of the region have a high import content. The calculation of costs at the official exchange rate and products at domestic market prices tends to make many projects profitable and to generate "excessive" demand for foreign exchange, a scarce factor. On the other hand, many projects designed for export production tend to become unprofitable, according to this same calculation, and, if they are eliminated from the development plan on this account, the future supply of foreign exchange tends to be less than otherwise. Consequently, the imbalance in international payments is perpetuated.

It appears less difficult to determine an equilibrium exchange rate than an equilibrium interest rate or wage rate. Chenery has suggested that, in project appraisal, a premium may be given to foreign exchange earning or saving. (Presumably, it should also be used to modify foreign exchange spendings of industries). This premium theoretically "represents the amount of increase in national income which would be equivalent to an improvement of one unit in the balance of payments under specified conditions". It measures, generally speaking, "the average over-valuation of the national currency at existing rates of exchange".[76] The determination of this premium and its application to project appraisal deserve serious attention.

Other criteria

Other criteria[77] for the selection of development projects have also been suggested by economists. The most commonly mentioned are the effect of the project concerned on income distribution and its effect on the rate of savings and capital accumulation.[78] From a social welfare viewpoint, a project which contributes to a more even distribution of income may be preferable. But, from a capital accumulation viewpoint, such a project may not be desirable, as it will be apt to result in less savings than otherwise and will therefore depress development in other sectors and hence the potential for future growth. "An interesting example may be the choice between a large industrial plant and a set of cottage industry projects. Both projects may produce the same commodity, say textiles, in the latter case by employing many more workers who do not save, in the former by employing managers and technicians who do".[79] A more fundamental question is whether the functions of income redistribution and promotion of savings should be performed by fiscal (and monetary) policy or by the choice of development projects, or both.

Application of the criteria

The major drawback in the application of these criteria of social importance for the selection of projects or particular industries for establishment or expansion is the difficulty in applying objective, quantitative measurements. Attempts at quantification have, however, been made in the Philippines by using a modified formula originally suggested by Chenery for Greece, Italy, Portugal and Turkey.[80]

In other countries of the region no formulae are used. Instead, the matter is left to the discretion of the planning authorities in this regard. In almost every less developed country of the region, "infrastructure" or "basic social and economic facilities" are considered important and claim high priorities in the development plans. For instance, in China (Taiwan), "in the past years, the Government has stressed the development of basic industries which are of vital importance to the growth of other industries . . . Government investments have emphasized the power, fertilizer and transportation industries, while leaving the development of other, consumer goods industries to the initiative of private interests".[81] Development of economic overhead capital and heavy industries has been emphasized in mainland China and in the second five-year plan of India, with a view to widening the industrial base for future development. Burma originally devoted a large portion of its investment funds to the development of basic facilities, although the emphasis has changed in recent years.[82]

Another common feature in the selection of projects, and more particularly of industries, in countries of the region is the priority attached to import-substitution and utilization of available domestic raw materials. This is due chiefly to balance of payments difficulties. The Burmese Government has stressed that import-substitution, which is made possible by the utilization of available domestic raw materials, is now a basic consideration.[83] The Government of the Republic of China has stated that "the utilization of available domestic raw materials will in most instances have resulted in producing import substitutes and in saving foreign exchange".[84] Similarly, industries using domestic raw materials in larger proportions bear higher ratings in the Philippine industrial priority formula.

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[76] Chenery, H.B., "The application of investment criteria," *Quarterly Journal of Economics*, 1953.

[77] Political and defence considerations are not dealt with in this section.

[78] See for instance, Galenson, W. and Leibenstein, H., "Investment criteria, productivity, and economic development", *Quarterly Journal of Economics*, 1955 and Eckstein, O., "Investment criteria for economic development and the theory of intertemporal welfare economics", *ibid*, 1957.

[79] Tinbergen, *op.cit.*, p.24.

[80] Chenery, *op.cit.*

[81] Answers to ECAFE questions on industrial development planning and policies by the Government of the Republic of China and "Industrial development planning in the Republic of China" (ECAFE document DPWD4/3) prepared by the Government of the Republic of China.

[82] For more details, see "Salient features of development plans", United Nations, *Economic Survey of Asia and the Far East, 1956* and section II on "Industrial development plans" pp.13 above.

[83] Answers to ECAFE questions on industrial development planning and policies by the Government of Burma.

[84] *Op.cit.*

In several countries of the region, e.g. the Philippines and southern Korea, it is not unusual to find out first the amount of imports of each individual industry's product and then decide on what industries are to be developed in order to substitute imports and meet domestic demand. It may be noted, however, that the development of import-substituting industries may require considerable imports of semi-finished goods and raw materials.[85] Moreover, in such a practice, comparative advantages as dealt with in the foregoing section should not be neglected, but, in cases where it is justified from a long-run point of view, protection may be granted to "infant industries" during the initial stage.

The absorption of surplus labour is also an important consideration in the selection of industries in many countries of the region, as shown by the emphasis on cottage industry, particularly cotton handloom weaving, in India's second five-year plan.[86]

Special circumstances have also brought special considerations to the fore. For instance, in southern Korea in the years immediately following the Korean War, top priority was given to the rapid rehabilitation and expansion of industries producing consumer goods, e.g. food processing and textile industries.[87]. Recently, as the rehabilitation of existing industries has been largely completed, the establishment of new industries has begun to receive more attention. On the other hand, in Indonesia and the Philippines, it appears that so much attention has been given to the establishment of new factories that the problem of increasing production from (and maintaining) existing plants has been somewhat neglected.

The only instance in the region of quantification of investment criteria was the "priority formula" of the Philippines — designed originally for the purpose of allocating foreign exchange among competing uses, including investment in industries.[88] Later, it was developed into a kind of "industry priority formula" and was proposed in the five-year development programme for a broader purpose — to "help in the co-ordination of policies in such fields as financing, import licensing, admission of foreign investment, trade and tariff policy, foreign exchange allocation, etc".[89] At present, two priority formulae are being used. The one is to determine which portions of profits of foreign companies may be remitted abroad. The other is to determine priorities in granting, to individual firms,[90] credits from certain government financial institutions, tax exemption privileges, loans based on United States grants and aid to the Philippine Government, and foreign exchange.

These several related formulae give a kind of social productivity rating, along the line of theoretical reasoning of Kahn and Chenery.[91] The proposed "industrial priority formula" consists of four elements: (1) the value added to the national income, (2) the impact on the balance of payments, (3) "the additional values derived from the use of domestic raw materials and supplies", and (4) the social value derived from the employment of Filipino labour. External economies yielded by the project concerned and "other social benefit considerations" are included under (1). The detailed values of figures specified for the application of the formula appear somewhat rigid, and leave very little room for government agencies and private enterprises to evaluate their own business situation and prospects. Moreover, many social judgments are involved in the formula, and the result of the rating may be too much influenced by such considerations.

The "investment remittances formula" is much simpler in application. It can, of course, also be applied to the determination of industrial priority, with some modification. It consists of three major elements. First, the national income effect, which means the net domestic value added by the firm and the external economies it brings; as to the latter, firms producing intermediate goods for the production processes of other essential industries are credited with certain minimum points. Second, the balance of payments effect, which refers, as in the "industry formula", to the net foreign exchange earned and saved from the operation of the firm. The third element is "the product essentiality". Products for domestic consumption are classified into five groups with descending ratings: highly essential products, essential producer products, essential consumer products, non-essential producer products, and non-essential consumer products. Export products are classified, according to the degree of processing, into three groups with descending ratings: manufactured products, semi-manufactured products, and raw materials. The effects on income distribution can be regarded as to some extent taken into consideration in the formula through the use of this "essentiality" rating which favours lower income groups by rating essential consumer goods comparatively high. Except for the ratings allowed for "external economies" and "product essentiality", the net national income and balance of payments effects are both measured, in terms of pesos, in ratios to scarce resources, namely the capital and foreign exchange costs of the firm.[92] Based on the ranges of these ratios, rating points are given.

Is a priority formula necessary? It was mentioned earlier that quantification of social criteria is difficult. However, it may be argued that no precision is gained by refusing to make an effort to express essential factors

[85] In southern Korea in 1957, the value of imported raw materials of all manufacturing industries accounted for 62 per cent of the total value of raw materials used, while sales abroad were less than one per cent of the total sales value.

[86] For fuller discussion of this point, see section VI on "Choice of techniques", pp.51 below.

[87] Answers to ECAFE questionaire on industrial development planning and policies by the Government of the Republic of Korea.

[88] *Cf*, e.g. Department of Economic Research, Central Bank of the Philippines, "Criteria for the allocation of foreign exchange for development", paper contributed to the first session of the Working Party (DPWP.1/18, 1 November 1955).

[89] *The Five-Year Economic and Social Development Programme for FY 1957-61*, adopted by the National Economic Council on January 3, 1957, p.253.

[90] See also "Progress and problems of industrialization in the Philippines" (ECAFE document DPWP.4/9), prepared by the Government of the Philippines, p.8.

[91] See Kahn, A.E., "Investment criteria in development programme," *Quarterly Journal of Economics, 1951* and Chenery, H.B., *op.cit.*

[92] The "industry priority" formula does not include the foreign exchange costs in the demominator.

quantitatively. A pre-set system of rating may help the administration to make decisions more objectively, with less risk of arbitrary personal judgments. On the other hand, a workable formula has to be relatively simple, so that it is impossible to take into account all the factors germane to a particular case. Discretion is therefore necessary in application of the formula and the administration should be both well informed and should understand both the usefulness and limitations there of.[93]

Summary and questions to a planning agency

In order to make economical use of resources and to avoid wasteful international duplication, comparative advantages and international specialization may be used as a first approximation to the selection of industries. In addition to this basic consideration of profitability and direct contribution to the national products, account should be taken of the external economies or indirect contribution of a new industry, as well as its effects in improving the supply or economizing the use of scarce factors of production.

Certain other objectives, such as improvement in income distribution and increase in the rate of savings, may be achieved largely by other policy measures, and need not rely essentially on the composition of an industrial investment programme. Quantitative measurements of criteria for selecting industries may be sought, but in the application of such measurements, administrative discretion based on extensive and good information is again essential.

In this connexion, it would appear that the following questions are likely to be important to a planning authority and a ministry of industry in their first approximate mapping out of an industrial development programme:

(*a*) What are the possibilities of further development in the processing of food and raw materials in the country? To what extent do these possibilities depend upon having an interrelated agricultural development plan?

(*b*) What manufacturing industries can be profitably established or expanded by using locally processed materials? Possible examples might be a leather industry based on a domestic supply of hides and skins; a paper and pulp industry based on domestic supply of wood, bamboo and straw, a textile industry based on a domestic supply of fibres; cement based on a domestic supply of limestone; some chemical industries.

(c) What manufacturing industries can be profiably established or expanded by using imported materials, for domestic consumption and perhaps also for export? For example, cigarettes, shoes, clothing and other wearing apparel, metal products, some light engineering products, some chemicals.

(*d*) To what extent would an improvement in the domestic supply of fuel and power, particularly hydroelectric power, and in transport, increase the profitability of (*a*), (*b*) and (*c*) and widen the range of (*b*) and (*c*)? This question leads immediately to the question of co-ordination between the industrial development plan and the water resources and transport development plans.

(*e*) To what extent and by what means can "external" economies and other social criteria be measured quantitatively and taken into consideration in the selection of industries? To what extent can "accounting" or "shadow" wages, interest rates and exchange rates be used in the allocation of resources?

VI. THE CHOICE OF SCALE AND TECHNIQUES OF PRODUCTION[94]

Introduction

In the labour-abundant and capital-scarce economies of Asia,[95] it is imperative that existing capital be used and new capital created in ways designed to achieve maximum production or employment or both. The employment problem in the region has some special characteristics, and the full employment concepts employed in advanced urban-industrial economies have limited application. Fiscal and monetary measures which attempt to stimulate employment through income generation, for example, are likely to lead to inflationary pressures and balance of payments difficulties long before the labour force is "fully employed". These countries are often densely populated, and the largely agricultural labour force has comparatively little capital and technical knowledge at its disposal. Owing to these factor endowments, great numbers of people are only partially employed.

This general condition of underemployment is likely to be intensified as the ratio of population to arable land becomes higher. In addition to this extensive rural underemployment, there is in some countries a more open or obvious form of urban unemployment, which usually has sharper political implications, and which may often be due simply to the greater social and psychological attraction of city life.

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93 *Cf.* "Value and limitations of models as an aid to planning" in the ECAFE secretariat paper on "Problems and techniques of economic development planning and programming with special reference to ECAFE countries", United Nations, *Economic Bulletin for Asia and the Far East*, November 1955; and "Experience in the use and practicability of various techniques for resource allocation and investment priorities", *ibid.*, November 1956, pp.64-66.

94 Revision of E/CN11/DPWP.4/L.8, a paper prepared for the fourth session of the Working Party on Economic Development and Planning by the ECAFE secretariat.

95 While most countries of the ECAFE region are labour-abundant, this clearly does not apply to all countries—for example, British Borneo, Burma, Cambodia, Federation of Malaya, Laos, and Thailand.

Governments in the region are anxious to achieve a fuller and more complete participation of the labour force in the production process, which means avoiding open urban unemployment in the immediate future and, in time, reducing rural underemployment.

To that end, it is important for planning authorities to choose a technology that will make the most efficient use of labour and capital. Two quite different policies have been proposed for the allocation of capital—which is in large part a question of allocation of new investment, since the possibilities of employing the existing capital stock in new and different ways are more limited. These two contrasting policies may be characterized as the labour-intensive solution and the capital-intensive solution.

Those favouring labour-intensive methods, being acutely aware of the basic fact that capital is in short supply in Asia, emphasize the short-run employment needs and the difference in productivity of *capital* in various uses. They prefer those investments that would minimize the capital-output ratio and the capital-labour ratio. In so far as these labour-intensive methods are typical of small-scale industries (particularly if no power is used), there is an implied preference for the smaller-scale establishments and perhaps also, although this is less clear, a preference for certain industries as a whole which offer greater opportunities for labour-intensive methods.

The capital-intensive solution stresses the rise in production *per capita* in the longer run and the increased productivity of *labour,* contending that only through the maximization of the capital-labour ratio can labour productivity be raised, the rate of investment be increased and desired demographic changes (such as reduced family size) be achieved.

In reality, of course, those making investment decisions are not faced with such sharply defined economic alternatives. The picture is often blurred in particular country conditions. The nature of each industry, product or process has a great bearing on the form taken by the investment. Moreover, the controversy over the choice between labour-intensive home handicrafts production and large-scale factory production has raised social and philosophical as well as economic questions. This section will attempt to confine itself to the basic economic issues, and although technological alternatives arise in other sectors of the economy it will concentrate on mining, manufacturing and construction. Attention will in particular be given to industries engaged in commodity production—from home handicrafts to large-scale modern plants, despite the great disparities in terms of capital per worker, power use, labour productivity, working conditions, habits and attitudes. It is necessary to take account of the entire range of enterprises since the small-scale industries in many countries not only account for much the largest part of manufacturing employment but perhaps for most of the gross value of manufacturing output as well.

Some of the general economic considerations relevant to factor proportions will be discussed, such as the technological limits to the substitution of labour for capital in various industries and processes; the characteristics of labour and capital markets; and the probable effects of the choice of technology on the mobilization of savings.

Second, these general considerations must be seen in perspective, and the scale of manufacturing production in the region examined.

Third, some tentative conclusions will be formulated regarding the factor proportions problem, and its implications thereof for government economic policy will be noted.

Technological limitations

Technology establishes a set of alternative combinations of capital and labour (in physical terms) which must then, among other things, be weighted by the relative factor prices before the proper choice of technology can be made. This choice can be related to a particular industry, product or process. For purposes of economic planning, it is perhaps best to view the choice of technology first in broad terms, even though policy decisions will often be focused on a single process. Manufacturing has evolved through the following phases:[96]

Household manufactures
Village handicrafts
Artisan's workshops
Primitive factories
Integrated "assembly lines"
Continuous flow processes
"Automatic factory"

This sequence reflects a rising ratio of capital inputs to labour inputs and assumes an increasingly complex organization of the production process. The modes of production of primary interest in the planning of industrialization of under-developed countries are the primitive factory, integrated "assembly lines", and continuous flow processes. For, while household manufactures, village handicrafts and artisan's workshops are of great significance in the region today, it is hardly possible to rely on these comparatively inefficient methods of production for rapid economic growth. Yet it is important to transform these production units by increasing their efficiency, scale of production and interdependence with larger factories (through subcontracting). At the other extreme, the "automatic factory" is sometimes viewed as the solution for under-developed countries, since in some cases—although highly specialized skills certainly are needed—it may actually require less management and skilled labour than less capital-intensive methods do. However, the tremendous amounts of capital required (perhaps 100 times the capital per worker needed in primitive factories), the inflexibility of operations, the obstacles to the transfer from one cultural setting to

[96] See Meier, R.L., *Science and Economic Development* (John Wiley, New York), particularly pp. 184-197. This section owes much to Dr. Meier's discussion.

another of such an intricate and mature technology and production organization would seem to argue against immediate automation in under-developed countries.[97]

It is useful, also, to distinguish between the *continuous flow processes* (often chemical) and *mechanical process*. Typical of the former processes are the modern methods applicable to the heavy chemicals, paper, sugar, liquid fuels, cement, fertilizers, beer, electric power and telecommunications industries. In these industries, the differentials in productivity between the modern continuous flow process and the alternatives of production by a batch process, or by hand, are so substantial that the modern methods are clearly to be preferred. The capital requirements per worker are high for these modern processes, and there is little possibility of tampering with the production flow *proper* with a view to substituting labour for capital. There are, however, considerable opportunities for employing labour-intensive methods in various auxiliary operations in internal transport, materials handling, packaging, and so on. In a modern cement mill, for example, considerable labour can be employed in quarrying and transporting limestone and in bagging and shipping the cement. Similarly, the yard-handling and debarking of the timber (in a paper mill) or the harvesting and transport of sugar cane (in a sugar refinery) afford opportunities of substituting labour for capital. The use of labour in these auxiliary operations need not hamper future rationalization of them nor limit the total efficiency of the plant.

In industries where mechanical processes dominate, there are greater prospects for substitution of labour for capital without loss in efficiency. Metal working, textiles, furniture, transport and construction are examples. Again, the auxiliary operations within these plants which show most promise for employment are administration and clerical work, materials handling, inspection, repair and shipping. But, on the production line proper as well, there appear to be opportunities for expanded labour utilization. It is tentatively suggested by Tinbergen[98] and others that multiple-purpose tools may be used rather than specialized machine tools, and machines which operate at lower rather than at higher speeds. Some investigations into specific alternative technologies (comparison of lathe combinations, filing and grinding, truck loadings) have been pursued by the Netherlands Economic Institute, the United States Department of Agriculture and other agencies. Much more work is needed along these lines.

Plant and equipment need to be chosen not just on the basis of factor proportions now existing, but with an eye to the capital-labour combination to be expected a decade or more hence, and emphasis placed on *flexibility*. The plant layout may, for example, assume an extensive use of labour in materials handling at the outset, yet be so designed as to permit a shift to more capital-intensive methods later on.

[97] See Granick, D., "The Case of Soviet Metal Working: Economic Development and Productivity Analysis", *Quarterly Journal of Economics*, Vol. LXXI (Cambridge, Massachusetts, May 1957). Granick suggests that technology and production organization cannot be easily "adopted" from abroad but must to a considerable extent be developed anew in each country.

[98] Tinbergen, J., "Choice of Technology in Industrial Planning", *Industrialization and Productivity*, Bulletin No.1 (April 1958, United Nations, New York).

Characteristics of labour and capital markets

After the basic technological data for each industry, product, or process (the alternative physical combinations of labour and capital) are assembled, they must be adjusted for the relative prices of labour and capital if we are to arrive at the least-cost combination of factors. The market prices (wages and interest rates) are, of course, influenced by the particular characteristics of labour and capital markets in under-developed countries.

In the labour market, advanced social and labour legislation may raise wage costs, at least in those larger enterprises where such legislation can be effectively enforced. Trade union strength also acts to raise wage costs, and again the effect is unevenly distributed through the employment structure, since trade union strength is concentrated in "certain strategic sectors of the economy —in railways, motor transport, the maritime industry, dock and port work, mining and quarrying, electric power supply and so on, in government-controlled enterprises, in the larger manufacturing establishments, and in urban centres".[99]

While these wage differentials may be explained in part by higher labour productivity in the "favoured" employments, the market imperfections can also be significant. Rising wage costs in some industries are already causing private investors to prefer capital-intensive methods, though the latter may not necessarily bring out the most rational allocation of resources. In many ECAFE countries, one can discern the early beginnings of the dichotomy of economic structure typical of the more advanced Japanese and Italian economies,[100] where a labour élite in high-wage and usually large-scale plants co-exists with low-wage workers in small-scale plants, the low-wages group having lower labour-productivity and being less affected by trade union organization or social legislation. This is a case where economic growth and social growth by no means keep in step.

Capital markets also have some distinguishing attributes. Interest rates are usually higher (though often below "equilibrium" levels)[101] in under-developed countries, particularly in the unorganized money markets. They are higher also for borrowers of limited means, located largely in rural areas. Capital costs are then higher for owners of small-scale production units than for large firms which have easier access to the private and governmental financial institutions as well as to more of their own undistributed profits.

In addition to this differential in capital costs between large and small-scale firms, there are other special problems which affect under-developed countries

[99] Daya, E., "Freedom of Association and Industrial Relations in Asian Countries", *International Labour Review* (Geneva, April-May 1955).

[100] United Nations, *Economic Survey of Asia and the Far East, 1957* (sales number: 1958. II.F.1), see Chapter 2, pp.50-56, section on factor proportions in Japan. Wellisz, S., "Co-existence of Large and Small Firms; Study of Italian Mechanical Industries", *Quarterly Journal of Economics*, Vol. LXXI (No.1, February 1957).

[101] See section V on "criteria of social imputance", p.45 above.

dependent on imported producer goods. There are extra costs of transporting, insuring, and erecting plant and equipment purchased abroad; costs of using imported management and labour skills during a "breaking in" period; and investment required for training labour and management. There is good reason to believe that these capital-like investments in skills and management must increase parallel with capital investment if the full potentialities of increased labour productivity are to be realized. These considerations show that, for some purposes, a simple differentiation of markets into labour and capital markets is insufficient. Management and skilled labour markets must, in some respects, be treated separately, for these also are scarce resources in under-developed countries.

Mobilization of savings

In any choice between technologies, account should also be taken of the effect of the choice on the mobilization of savings. Proponents of capital-intensive investments have put forward the argument that only by investments of this kind can an ever larger share of output be reinvested, and capital accumulation and employment be maximized in the long run.[102] Some advocates of small industries, on the other hand, contend that the *existing* supply of savings in rural areas may not only be substantial but also non-transferable, i.e. available for investment in *local* small-scale industries or not at all.[103]

These views are not necessarily contradictory, since the emphasis is quite different in each case. The capital-intensive argument is in terms of the future rate of savings and sees the modern large-scale business as an efficient, or even the most efficient, instrument for diverting a larger share of the income stream to re-investment. This assumes that large business institutions are expansion-oriented and that government tax and regulatory measures will encourage the growth of business savings and the subsequent investment thereof in either the private or the public sector. In countries where the large government corporation plays a significant part in the economy, it of course provides a powerful instrument for channelling savings in a more direct manner. The small-industry argument is that the difficulty may not be the limited supply of savings so much as the inadequate demand for capital, and that, with the emergence of business opportunities (as a result of an extended transport network, large regional power and irrigation projects, and so on), personal savings will be invested in increasing amounts in local small industries.

These two developments can proceed side by side; it is difficult to say which would yield the greater increase in aggregate savings. As an operational tool for use by development authorities, the capital-intensive position would seem to have certain advantages, particularly where it also calls for large operational units.

[102] Galenson, W. and Leibenstein, H., "Investment Criteria, Productivity, and Economic Development", *Quarterly Journal of Economics*, Vol. LXIX, No. 3 (August 1955), pp.343-370. Of course the factor of scale, which is not always associated with the capital intensity factor, may also have an influence on the rate of reinvestment of profits.

[103] Aubrey, H., "The Role of Small Industry in Economic Development", *Social Research* (May 1951), p.295.

Scale of production

These general economic considerations related to the factor proportions problem must be seen in terms of the existing structure of manufactures in the region. Apart from Japan—and in a lesser degree certain other countries, such as China and India—countries of the region have a very limited manufacturing sector (manufacturing employment being typically 5-10 per cent of the labour force) and it is largely devoted to consumer goods. (About two-thirds of value added in manufacture is in that sector).

It is very difficult, however, to speak with any precision about the scale of enterprises within the manufacturing sector, owing to the limitations of existing data and particularly the unavailability of data on cottage industries and handicrafts. Using the data and fragmentary information[104] available, one can construct the following tentative hypothetical distribution of manufacturing employment by size of establishment for the region (excluding Japan):

Size of establishment	*Per cent of total manufacturing employment*
less than 20 workers	75
20-49	5
50-199	5
200 and over	15

The small-scale and cottage industries (less than 20 workers per establishment, and often without power) dominate the employment structure; large-scale plants (200 workers and more) particularly in textiles, cement, chemicals and tobacco, strengthen the upper end of the range; employment in the intermediate scale ranges (20-49 and 50-199 workers per plant) is least significant in the total structure.

The disparities between the two extremes in size of establishment, i.e. the small-scale and cottage industries and the large-scale plants, extend also to differentials in wages, labour productivity, capital intensity and working conditions.

The level of wages and labour productivity in under-developed countries is generally low. For manufacturing as a whole, labour productivity in under-developed countries may be 20 per cent or less of that prevailing in the United States. Within the manufacturing sector, wages and labour productivity are likely also to vary directly with the scale of enterprise in most cases. The data here are meagre, but the Philippines *Survey of Manufactures 1954*, indicates that the value added per employee and the average wages in establishments of 5-20 employees may be about 30 per cent and

[104] See the census of manufactures data listed below. These data have many pitfalls. Establishment definitions and coverage vary as to minimum size and according to whether or not power is used. Industry categories are heterogeneous: *Pakistan:* "Census of Manufacturing Industries", *Statistical Bulletin* No. 5 (May 1957, Karachi); *Philippines: Survey of Manufactures in 1954.* Bureau of Census and Statistics, Manila; *China (Taiwan): Census of Manufactures, 1954; India: Census of Manufactures, 1954; Republic of Korea: Summary Report of Census of Mining and Manufactures,* Bank of Korea, 1955. Also the collection of rough quantitative estimates on cottage industries found in: Aubrey, H., *op.cit.*, p.278; "Some Economic Aspects of Cottages and Small-scale Industries", pp.6-11, Working Party on Small-scale Industries and Handicraft Marketing, Committee on Industry and Trade, (ECAFE/I&T/CIWP.4/5, 25 October 1955).

50 per cent respectively of their counterpart in establishments with 20 employees and over. This is consistent with the differentials that exist in Japan's manufacturing sector. The following data from the Indian textile industry (1943) also point to these differences in labour productivity in relation to scale, as well as to the close relationship of productivity (here measured as value added per worker) and capital intensity (capital investment per worker).[105]

	Value added per worker (rupees)	*Capital investment per worker (rupees)*
Power machinery, large-scale	650	1,200
Power machinery, small-scale . . .	200	300
Automatic loom, cottage industry . .	80	90
Hand loom, cottage industry	45	35

This correlation of value added per worker and capital intensity seems to exist in other industries as well.

The most serious divergences within this manufacturing structure cannot be easily measured even with the best of statistics—for they are differences which Veblen attributed to "the cultural incidence of the machine process". These changes which are the outcome of factory employment and familiarity with machinery—changes in deeply rooted workers' habits and attitudes, in the regularity and punctuality of employment—are indispensable to industrial progress. The social aspects of employment in low-wage small industries cannot be overlooked either, for employment in this sector, marked by long hours, poor working conditions and child labour, may be far from idyllic.

One hesitates to suggest how the scale of production and plant size prevailing in the region should be altered. But, if we assume that the size of the market is not a limitation, and we rely on the information on scale of enterprise available from outside the region, it may be suggested that many of the existing small establishments (often using no power and little machinery) are much too small to exploit various economies of scale. Larger establishments would have great advantages in the purchasing of raw materials, in credit availability and in the marketing of product. In some industries, e.g. metalworking, larger-scale establishments also open up extended opportunities for achieving a standardization and precision of product which permit sub-contracting and the creation of a complex of small- and large-scale firms. The very small-scale establishment is probably in the longer run more suitable for production of hand-made luxury goods. Above some minimum efficient size, however, there seems to be considerable opportunity for efficient production independent of scale. At least in North America and Western Europe, the disparities in productivity between small- and large-scale plants are much less.

Some dis-economies of scale of which management problems are probably the most significant, may in fact put an upper limit on plant size. The entrepreneurial organization is really a "constellation of functions including the management of risk and uncertainty, planning and innovation, co-ordination, administration and control, and routine supervision",[106] and in the larger enterprise where capital per worker is high, this complex of functions is an important factor. In smaller plants these functions are necessarily embodied in one or a few persons; in the larger-scale plant, a large staff of these specialists is needed for efficient operation. In underdeveloped countries, these specialists are costly and in short supply.

[105] Galenson and Leibenstein, *op.cit.*, p.358.

[106] Harbison, F., "Entrepreneurial Organization as a Factor in Economic Development", *Quarterly Journal of Economics*, August 1956.

Summary and implications for government policy

To sum up, the factor proportions problem in the manufacturing sector hinges upon the relation between the modern sector in process of being created and the handicrafts sector which is wasting away. The planning of the growth of the manufacturing sector should:

(*a*) Encourage a "thinning out" process in the small industry sector to permit the expansion and growth of selected small industries in order that they may achieve some *minimum efficient scale* of production.

(*b*) Increase the interdependence of large- and small-scale units through subcontracting and marketing connexions, while seeking to reduce large disparities in wages and productivity in these different scale enterprises.

(*c*) Take account of the fact that the aggregate employment gains in the manufacturing sector are likely to be insufficient to meet the over-all employment problem. There are technological limits to the adoption of labour-intensive methods in manufacturing. Even when substitution of labour for capital is carried to the maximum extent by the appropriate choice of technology, the increase in employment in the modern industrial sector will in part be offset by the decline in employment in the handicrafts sector. Unemployment needs to be countered not only by the growth of manufactures but also by the use of labour-intensive methods in other sectors, such as construction and services.

The translation of these suggestions, and future firm research findings, into suitable government policy is most difficult, as experimentation will always be necessary for the development of new technologies and for the modification of technology developed elsewhere to meet the needs of labour-surplus Asian economies.

The controlling investment decisions are likely to rest largely with the management of private firms and individual entrepreneurs, but will in any case be influenced by government economic policies relative to the private sector—in particular, *credit and marketing* policies, the public role in *labour-management relations*, and the provision of *research and information* facilities. Government policies in these areas are not framed, nor can they be, in the light of the factor proportions problem alone. Nevertheless, there are certain points in investment decision-making where the influence of public policy on the choice of technology in the private sector should be made clear. These opportunities can best be illustrated by reference to the experience of particular countries.

When government financial institutions are asked to make loans to private enterprises for the purchase or modification of plant and equipment, account must be taken of the technical as well as the economic and financial merits of the application. The lending institution should have the professional staff, economic and engineering, to enable it to examine the alternative technologies available. Opportunities to influence factor proportions are also open to a scheme such as the Burma Hire Purchase Plan,[107] which makes loans to private entrepreneurs for the purchase of machinery and equipment abroad, the government retaining title to the equipment until the goods are fully paid for by the hire-purchaser. The lending operations of industrial development corporations, which often relate to large-scale plants, present similar opportunities.

In the marketing of the products of small-scale establishments, there are several useful ideas which might be explored and extended. The government might encourage the establishment of widely distributed central finishing plants which might purchase semi-finished goods (usually consumer goods) from small establishments, finish the goods, and act as the common marketing agency. This system has had some success (e.g. in the Indonesian 'induk') and, if these agencies are managed with the larger factor proportions question in mind, they may be able to help achieve a more judicious capital-labour ratio in the product mix of the small cottage industries which now often operate at low efficiency with primitive machines and no power. Thus, they may succeed in raising efficiency and labour-productivity in the small-industry sector with a minimum of disruption of the small hand-industries concerned.

Another possibility is that government-operated large consumer retail outlets[108] in small cities and towns will seek suppliers in local areas and enter into contractual arrangements that will give the small entrepreneur some guarantee of continued access to a larger market. This could be combined with some financial assistance to the supplier for the purchase of machinery and raw materials, and with technical advice, on a basis which would ensure that the small business would carry out changes needed to increase the scale and efficiency of his production. Proper selection of these suppliers could do much to stimulate the growth of efficient smaller enterprises, which would otherwise be limited by lack of a market, financial resources and technical knowledge.

At first glance, labour-management relations may appear only distantly related to factor proportions in industry. But, where there is strong trade union opposition to the introduction of automatic machinery in an industry, as there was in the very large and important Indian cotton textile industry in 1953-54,[109] the government's role in the dispute can be quite significant. Governments have a responsibility not only to preserve industrial harmony in such conflicts but also to consider the fundamental question of choice of technology and, where rationalization is required, to assist in seeing that the necessary technological changes are carried out with minimum social distress. This can be done through transition payments to discharged workers, provisions for the retraining of labour and so on.

Research and information facilities provided by the government can also do much to increase awareness of technological alternatives. Research organizations may find it useful to investigate the machinery and equipment and engineering services available in those more advanced countries where small-scale industries are relatively more significant (Italy, Japan), or where small industries are notably efficient (Sweden, Switzerland). Small-scale industries may derive special benefit from these government research and information facilities, since they are often unable to provide this knowledge from their own resources.

There are other investment decisions, made by government *directly*, entailing a choice of technology. If a government establishes and operates manufacturing plants, which may often be large-scale works for cement, steel, fertilizers or chemicals, it should provide a model for private investors by using efficient but labour-intensive methods wherever feasible. The operation of utilities, railroads, and port and harbour facilities should also be exemplary in this respect. Here, the efficiency of the utilities or transport system as a whole must be kept in mind. Application of the labour-intensive principle to the system as a whole need not preclude intensive use of machinery in particular operations in the system—say, in rapid loading and unloading of freight cars or ships—which may in fact increase the efficiency of scarce capital.

Perhaps the most significant area of direct government investment, and certainly the area offering the greatest possibilities for substitution of labour for capital on a large scale, is the public construction sector. There is widespread interest in the region in the utilization of underemployed agricultural labour for construction projects, particularly on a seasonal or a local basis. The community development projects in India and elsewhere try to mobilize local labour for road building and similar work. The most striking efforts in this direction, however, have been in mainland China, where millions of rural workers have been mobilized for highway, railway and water conservancy construction.[110]

There is at least one aspect of that programme which may be capable of application elsewhere, where more democratic systems prevail; namely, the use of military engineering cadres as construction workers, especially on projects presenting special difficulties in terms of terrain or technique. Military establishments the world over represent an unused labour potential except for technicians (air force, naval personnel) or combat-ready groups (paratroopers, marines, etc.). This labour-power, largely composed of trainable and vigorous young men, could in many cases be used to build roads, bridges, rail beds and dams without impairing the efficiency of the military machine.

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107 Stepanek, J., "Hire Purchase Loans for the Mechanization of Small Industry", *Industrialization and Productivity*, Bulletin 1, (United Nations, April 1958).

108 Wood, R. and Keyser, V., *United States Business Performance Abroad: Sears Roebuck de Mexico S.A.*, National Planning Association, May 1953.

109 Myers, C., "Labour Problems of Rationalisation: the Experience of India", *International Labour Review*, Vol. 73 (Jan-June 1956), pp.431-450.

110 Hsia, R., "The Role of Labour Intensive Investment Projects in China's Capital Formation", Centre for International Studies, M.I.T. (mimeographed working draft; September 1954).

FINDINGS OF THE WORKING PARTY ON ECONOMIC DEVELOPMENT AND PLANNING (FOURTH SESSION)

The fourth session of the Working Party on Economic Development and Planning in Asia and the Far East was held at the ECAFE headquarters, Bangkok, Thailand, from 2 to 3 September 1958 in accordance with the programme of work approved by the Commission at its fourteenth session. The purpose of this session was to consider the problems of industrialization in relation to economic development and planning as a whole. The findings of the Working Party on this subject under discussion are given below[111]

INDUSTRIALIZATION — PROMOTION AND LIMITING FACTORS

Members of the Working Party made statements describing the action of their governments to promote the drive towards industrialization which has started in all countries of the ECAFE region. The statements revealed the differences in circumstances and the nature of the problem faced by different countries and hence the differences, not only in the methods being pursued, but also in the importance given to industrialization as compared with other measures for the economic development of their countries.

The Working Party agreed that, for the purpose of its discussions, the term "industrialization" should be taken to mean the growth of manufacturing industry. The process of industrialization was generally associated with mining and involved the growth of other forms of economic activity, some of which, e.g. basic facilities such as power, transport and communications, might well be regarded as prerequisites.

It was recognized that, although it might not always be possible to have specific plans or precisely formulated policies, the problems of industrialization needed to be considered by each country as an integral part of the problem of the economic development of the country as a whole. In particular, industrial development had to proceed hand in hand with the development of agriculture, mining and basic facilities. The emphasis required might vary considerably, not only between one country and another, but in the same country at different stages of its over-all development.

Reasons for industrialization

Members of the Working Party thought that the chief reason for industrialization was that it was an important means of accelerating the rate of economic development and so achieving higher standards of living and a better use of the country's resources. There were, however, other considerations to be taken into account, for example, the need to increase employment opportunities, especially where there was population pressure, to diversify the economy and make it less dependent on the output of a few primary products and to improve the balance of payments. If properly effected, industrialization could serve these ends as well.

To formulate a programme of industrial development most suited to the needs of a country, it was necessary first to take certain basic policy decisions defining the relative importance of the different ends desired. The choice of ends would determine the means.

Government action to promote industrialization

The Working Party noted that there was a variety of policies and measures which governments could adopt to promote industrialization. One of the most important objectives, though one that might require large amounts of capital, was the provision of adequate basic facilities to support industrial expansion. The extension of economic overheads, such as power, transport and communications and research establishments might well have an appreciable effect on output in the short run. Social overheads, e.g. schools and health services, might take somewhat longer to yield returns in the form of higher productivity.

There were various ways of providing a favourable environment in which industry could expand which did not require so much investment of capital—e.g. improving law and order, reforming the institutional framework of economic society, spreading knowledge of better technical practices, improving marketing arrangements and widening the banking and credit facilities.

Governments could promote industrial development in particular directions by direct participation in industrial production.

Other methods were to grant tariff protection and to favour certain industries more than others in the administration of controls such as those over foreign exchange and scarce materials.

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111 Reproduced from E/CN.11/L.61 the full text of the report, which may be obtained from the ECAFE secretariat. The text given here is complete except that the following sections of the original, not directly concerned with the problems of industrialization, are omitted: paras. 1-11 (Introduction); para. 61 (which takes note of the fact that the present position and plans in regard to statistics for industrial development are to be considered at an early session of the Conference of Asian Statisticians); para. 104 (which takes note of the report of the United Nations Seminar on Regional Planning held in Tokyo from 28 July to 8 August 1958); paras. 105-112 (dealing with establishment of a working group of experts on programming techniques); and Annexes A to D (The list of participants, list of documents, agenda and annotated agenda).

Governments could also give financial assistance. This might be done by tax concessions or by granting loans or by subsidies.

Variation in emphasis

The emphasis put on these different methods of promoting industrialization varied between countries of the region. Some countries already possessed fairly adequate basic facilities and a suitable economic and social framework. Their problem was to extend and improve what they had in line with other plans for expansion. Other countries of the region needed to start almost from scratch, as they were only breaking away from an almost completely non-industrial stage. In some countries, there was resort to direct government participation in pioneering new enterprises, especially where they required large amounts of capital and initial risks were great. For several governments it was a matter of policy to reserve certain vital spheres of industry to the public sector. In some cases, governments were willing to start an industry and sell it later to private entrepreneurs. The importance of the private sector in a developing economy and the need to promote it were recognized.

A common method of giving assistance to particular industries was by loans and credits. In several countries, new enterprises received tax concessions, but there was little experience within the region of using such concessions on a selective basis. In a few cases subsidies were granted.

Several countries in the region were aiming at achieving a predetermined pattern of industrial development, with output targets industry by industry, while others confined themselves to promoting a higher rate of industrial expansion in general.

The Working Party noted that, while the primary purpose of controls might not always be to influence systematically the particular directions which industrial development should take, nevertheless, administration of the controls inevitably raised the question of how to discriminate between different industries and what criteria to adopt.

If there was a strong impetus towards expansion, it became necessary to ensure co-ordination between development in the private and public sectors, both from short- and long-term points of view. A short-term problem was to avoid having the two sectors together place excessive strain on available resources, while the lon-term objective was to achieve the maximum growth by having them support, and not conflict with, one another.

Limiting factors

Most members of the Working Party regarded shortage of capital as the main factor limiting the desired rate of industrial expansion. Several countries in which considerable expansion had already started found themselves in acute foreign exchange difficulties. Industrial development had not proceeded far in some countries for lack of industrial raw materials and adequate supplies of other natural resources or because, in their particular circumstances, they considered it worth while for the time being to concentrate on developing agricultural productivity. Shortages of entrepreneurship and management and skilled labour were further limiting factors. Lack of effective demand restricted industrial development, when incomes were low or populations small and widely dispersed, by making it difficult to establish units of minimum economic size. The problem was aggravated by the inadequacy of basic utilities such as power and transport, and of marketing facilities.

The Working Party recognized that a balanced programme of industrialization needed to deal with all the limiting factors together and that the emphasis would vary depending on the factors which, in a particular country, were of chief importance. However, for discussion, it was thought convenient to examine the following major factors separately.

Capital

Members of the Working Party explained how their countries came up against shortage of capital at almost every turn. Saving was inadequate because of low levels of income and productivity, and likely to remain so or rise only slowly, because the levels could not be raised significantly without large new capital investments.

It was pointed out that, while it was very important to raise the rate of saving, it was advisable to try to do this in association with other measures. Thus, it was important to try and increase the proportion of the employed to the total population and to seek to increase efficiency in ways that did not require much capital. This could be done only within limits, but success in those directions could affect the rate of increase in output and hence the potentiality for greater saving.

Measures to increase investment opportunities had an appreciable effect on the rate of saving. In agriculture and rural areas, for example, saving and investment very often took place by the same act.

But a large part of domestic saving was channelled either through financial intermediaries or through the government, from those who were saving to those who were using the saving in capital formation. The Working Party considered various ways of increasing this flow and ensuring its most productive use.

In the past, inequalities in income and wealth in the western countries had resulted in a high rate of savings, but today substantial inequalities were not acceptable. However, the Working Party regarded the encouragement of private savings and the provision of incentives to their investment in industry as one of the major objectives of a policy of encouraging and assisting industrialization.

The way most generally being adopted to increase the rate of saving was to increase budget surpluses. That could be done not only by increasing taxation, but also by reducing non-development expenditure, or restricting its growth. To raise tax revenues, it was important to improve the collection of existing taxes and widen their base. By so doing governments could receive back a gradually increasing proportion of the extra incomes which they had generated by development

expenditure. It was pointed out, however, that the benefits might be so thinly spread and consumption levels be so low as to make it impracticable to tap the increments in income through taxation.

The profits of government monopolies, e.g. of tobacco, liquor and of certain exports, were an important source of revenue in some countries. Government-run public utilities generally charged low rates which sometimes did not even allow for replacement of capital. They might indeed make a call on domestic saving. Usually there was little contribution by way of capital for investment from newly established government enterprises in manufacturing industry.

Compulsory social insurance was an important new source of saving that some countries were developing. The Working Party also noted the growing importance of private contractual saving through provident funds, pension schemes, and life insurance.

Several members pointed to the fact that rural areas were potentially a large source of saving. One way to tap that source was to provide better opportunities for investment. Another method used in connexion with land reform was to compensate landlords in the form of industrial shares and to levy a compulsory contribution on cultivators in order to enable them to purchase their plots of land.

Deficit financing was also discussed by the Working Party. If carried to the point of inducing price inflation, it amounted to forced saving. Some members thought this to be a very dangerous expedient. Others thought it worth taking a calculated risk on limited inflation, if there was no other way of getting a stagnant economy on the move.

Where it was easier for the government than for the private sector to obtain the capital it wanted, steps might be necessary to ensure that the needs of the private sector were also satisfied. Funds might be passed on to the private sector either directly through state loans or indirectly through contributions to financial institutions such as development corporations. The Working Party noted that those had been started in several countries.

Foreign exchange

Shortage of domestic saving in relation to domestic capital requirements would show up as a deficit in a country's balance of payments on current account. It could be made good either by drawing on external reserves (a temporary measure only, unless the reserves were large) or by foreign aid and foreign borrowing, if available. Sustained borrowing abroad was a solution if the country could expect to improve its external balance in the future sufficiently to be able to service the debt.

It was recognized that foreign capital was scarce in relation to the demands for it in the area and elsewhere. Several members stated that they were aiming to attract foreign capital by offering liberal conditions regarding remittances, tax exemption and guarantees in respect of nationalization. It was pointed out that the inflow of foreign capital was particularly valuable when accompanied by technical "know-how".

Import substitution was one method of helping on industrial development without increasing balance of payments difficulties, but had its dangers. Care was needed to choose industries that would be economic and give the highest *net* saving of imports. The Working Party noted the experience of one country which was able to judge in broad terms where there was most import saving by reference to an "input-output" table. This showed the demands that each industry made on others and on imports and its contribution to exports and supplies to meet the various kinds of domestic demand.

It was pointed out that import substitution could take place not only by replacing imported finished goods by locally manufactured goods, but also by expanding agricultural output to save imports of food.

If the growth in demand accompanied a drive towards industrial and economic development, a policy of import substitution might not lead to any absolute fall in imports. The importance of that policy lay in the fact that it slowed down the rate of increase in imports even when development was being effected. Balanced development still required a corresponding increase in exports. But in a developing economy rising internal demand was liable to reduce the supplies available for sale abroad of existing types of export and markets for new types of export might be hard to find.

Several countries were faced with the problem of large fluctuations in their foreign exchange earnings because of dependence on the exports of a few primary products. The size of the fluctuations reduced the extent to which they could draw on exchange resources to finance new development.

The Working Party agreed that careful budgeting of foreign exchange resources was necessary. Plans for new industrial development had to be phased so that too much of the foreign exchange expenditure was not incurred in one year and so that increases in the expenditure were geared to measures for earning or saving foreign exchange. It was pointed out that, as more and more new development took place, provision needed to be made for an increasing expenditure on "maintenance" items.

Natural resources

If amount and variety of a country's natural resources, especially of energy resources and industrial raw materials were limited, industrialization on a broad base appeared to be difficult. In order to start new industries, the country would have to import nearly all the raw materials needed, as well as the equipment, and rely on special labour skills or some other advantage to make them pay.

Geological surveys and other forms of exploration might lead to the discovery of resources that could be developed. Resources not economically exploitable at present might become so, if other steps were taken, e.g. the extension of cheap power or the provision of access roads. In such circumstances the shortage of natural resources might be only temporary and apparent.

Entrepreneurship, management and skilled labour

It was the entrepreneurs and managers who had to cope with the other major factors limiting industrialization. They were the people who had to "get things started and done", and efforts should be made to encourage them. If there was a shortage of such persons, investment opportunities would remain unexploited.

Several members emphasized the need for management training, others for a rapid advance in the training of technicians if an increased tempo of industrialization was to be maintained. The establishment of new large-scale enterprises should include plans for the training of the managerial and technical staff and skilled labour to operate these enterprises efficiently.

It was generally agreed that small-scale industries had an important role to play in industrialization not only by increasing production and employment but by acting as nurseries for entrepreneurial talent. Governments could help the small-scale entrepreneur in various ways—e.g. by providing special credit facilities, technical advice, market information or sites in industrial estates.

A necessary part of a programme of industrialization was an educational policy that would help to provide the amounts and types of skilled labour required. The vocational school system, on-the-job training, training abroad and the employment of foreign technician-teachers could all play a part.

Some countries were undertaking systematic manpower studies to assess needs by certain broad categories and plan training programmes accordingly. The supplies likely to be available will be one of the factors affecting the choice of new industries and the techniques they should use.

Markets

The Working Party felt that limits on the growth of manufacturing industry, because of insufficient demand for its products, were at least as important as limits on the supply of resources.

Many under-developed countries were caught in a dilemma: demand was small, yet they wanted to industrialize as part of a concerted effort to accelerate the rate of development and raise demand. Even when real incomes began to rise, the extra amounts might tend to be spent almost entirely on food. Hence, it might take some time before the market for manufactured goods began to expand.

Some countries of the region with a small or widely dispersed population found difficulty, even with a relatively high real income per person, in establishing manufacturing units of the minimum economic size.

Most countries of the region lacked, in varying degrees, the technical and institutional facilities that contributed to the efficient and widespread operation of the market—for example, a network of trading bank branches, wholesaling and handling facilities, and a recognized system of commercial conventions and law.

The market for the products of local factories might also be restricted by the presence of competing imports. This might be aggravated by dumping by other countries. (Such dumping also restricted the activities of third countries seeking to expand their markets by exporting).

As a result of market limitations, many under-developed countries were unable to establish industries requiring large scale continuous production for efficient operation. Factories already established might lack the economies of scale (including the ability to specialize) and the many external economies from which larger groups of industries can benefit. Some countries had been operating factories well below their optimum capacity because of market limitations, with the result that costs were high.

If the internal market of a country was limited by insufficient real demand, it would expand as economic development got under way. The expansion will tend to become cumulative, provided productivity continues to increase. Other measures and processes that will enlarge the market of local industries may include:

(*a*) *Import substitution or limiting the competition of imports.*

The aim might be to replace imports of consumer goods by local manufactures, or to enable local manufacturers to supply more capital goods and materials to other home producers.

Import competition might be limited by several means, of which the most important discussed were tariff protection and import control. It was pointed out that countries found it difficult to prevent dumping by means of tariff protection. However, where it did prevent dumping, some countries took the view that a system of high tariffs or import control was not likely to achieve industrial efficiency in the long run. Others considered that, even if other protection were imposed, measures were available to encourage efficiency and protect the consumer. The desirability of having some arrangements to judge the need for protection in individual cases and to review from time to time any protection granted was generally recognized. The principles governing protection should be flexible.

(*b*) *Market organization and infrastructure.*

Some members drew attention to their schemes for assisting the marketing of the products of small industries —for example, by an organization which acted as a liaison between purchasing government departments and small enterprises. It was agreed that development of the basic facilities important to marketing—especially transport—was essential for the expansion of the internal market; and that efforts should be made to provide or encourage the growth of banking, distribution and handling facilities, credit facilities and other institutional factors that assisted the efficient operation of the market.

(*c*) *Stimulation of exports and improved arrangements for intraregional trade.*

The Working Party recognized the importance of developing the exports of manufactured goods. Experience of most countries of the region indicated that

achievement so far was limited. However, the prospects for agricultural exports from the area to traditional markets outside the region did not appear encouraging to some members, and it was generally agreed that markets abroad for manufactured goods should be developed. This might involve an increase in intra-regional trade. It would be worth exploring what opportunities existed for a group of countries to share their internal markets with one another and agree on specialization between themselves. This would mean that for particular products a group of countries would arrange for each country to specialize in those industries in which it had an advantage. The Working Party suggested that studies of these possibilities be undertaken by the ECAFE secretariat.

CRITERIA FOR THE SELECTION OF INDUSTRIES

The Working Party discussed the problem of the selection of particular types of industries for development. The consensus was that the problem was of vital importance and should be given most careful consideration, because it concerned the allocation of scarce resources. An unwise choice would not only hamper further development but also lead to waste of resources, particularly capital. The choice of industries would depend on the circumstances obtaining in each country such as (*a*) endowment of natural resources, (*b*) the size of market and (*c*) the existing structure of the economy.

A country endowed with an abundance and a wide variety of natural resources would clearly be in a much better position to develop a wide range of industries.

The size of and the prospects for the market, both domestic and foreign, was a vital factor in the decision to be taken as to what industries to establish.

A careful study of the structure of the economy might indicate clearly the direction which industrial development should take. The stage of development reached by the country was an important consideration. A country which depended mainly on the production of primary products and had not carried processing very far might find it profitable to develop further the processing of such products. A country which had reached a somewhat higher stage of industrial development might direct its efforts to the development of a wider range of industries.

While certain countries had consciously adopted particular sets of criteria to help them in the selection process, other countries gave little attention to systematizing the application of criteria. However, even in the latter countries, important criteria underlay the selection of a particular industry, and there was general awareness that, as they moved from the simpler and more obvious types of industry to the more complex, the problem of selection would be more urgent. The criteria used would naturally tend to reflect the special circumstances of each country and the objectives to be aimed at. For example, in a country which had as its main objective the reduction of unemployment or under-employment, the criterion of an increase in employment opportunities might be given greater emphasis. On the other hand, a country having balance of payment difficulties might find it necessary, in the short run at least, to use the possibility of import substitution as a selection criterion. Again, the emphasis given to the different criteria might differ according to the endowment of natural resources.

There was, however, general agreement that differences in emphasis should not obscure the importance of the basic objective of achieving the maximum increase in production with the available resources. It was considered that this objective might under special circumstances be subordinated in the short run to other considerations. The Working Party recognized, however, that persistent disregard of that objective might lead to less than maximum growth and might frustrate the achievement of the very goal which the country has set out to achieve by means of industrial development.

Principal criteria used in the ECAFE region

The Working Party considered it useful to examine the various criteria employed by the ECAFE countries and to point out the problems of each. It was widely recognized that the various criteria need not be mutually exclusive; they were to be considered as largely complementary to each other, although short run considerations might require the subordination of one or more of them.

The criteria generally used in the region were:

(1) Comparative costs
(2) Diversification of the economy
(3) Increased employment opportunities
(4) Increased use of domestic resources
(5) Building the industrial base for the future
(6) Immediate consumption goals
(7) Substitution of imports
(8) Promotion of exports.

Comparative costs

The Working Party agreed that it was desirable in principle to produce the kinds of goods for which each country was best suited. This aim coincided with the objective of producing at the maximum efficiency and at the minimum cost. It was also considered, however, that the principle of international specialization could not be followed unreservedly. Comparative advantage was in many cases relative and, particularly with the development of the infrastructure, with the growth of external economies and with the use of new techniques or new raw materials, an under-developed country might become well suited to production in which it had had formerly little or no advantage compared with other countries, whose own advantage might be no more than historical. It was generally accepted that rigid adherence

to the principles of international specialization should not be allowed to prejudice the industrial development of the countries of the region, the use of their natural resources and manpower and the achievement of targets they had chosen for the well-being of their people.

Diversification of the economy

Countries heavily dependent on the export of a few primary products with sharply fluctuating prices regarded it as important that the establishment of at least some industries should be encouraged in order to reduce such dependence. This also provided an important criterion for determining whether resources should be allocated, or permitted to flow, to particular industries.

Increased employment opportunities

Expansion of employment opportunities was important to countries with a rapid population growth whose labour force could not be fully absorbed in the agricultural sector. The need to create employment opportunities might lead governments to prefer the stimulation of labour-intensive industries even when the expansion of capital-intensive industries would result in higher output. The same problem of choice might arise in the selection of techniques in a given industry. This was more fully discussed by the Working Party under the agenda item dealt with later in this report.

Increased use of domestic resources

This criterion, which could apply to 'market-oriented' as well as to 'raw material-oriented' industries, was of significance especially when the use of natural resources would save foreign exchange, create employment or enlarge the market for other industries. Some countries drew attention to the fact that some of their industries had been producing more than the market could absorb, but that, with the subsequent development of other industries which could make fuller use of this output, these producers were able to operate with greater efficiency.

Building the industrial base for the future

An industrial base involved the setting up of certain heavy and basic industries such as iron and steel and chemicals. The possibility of building such a base depended on the availability of domestic resources, the size of the market for the products of heavy industries, the rate of industrialization desired and the readiness on the part of the nationals to sacrifice some immediate advantages for greater advances in the future. Some countries of the region did not attach much importance to that aspect in view of their lack of resources, and their concentration on more immediate goals (such as higher employment or import substitution), but others were moving further into the manufacture of plant and equipment. This, of course, involved a question of balance which is discussed more fully below.

Immediate consumption goals

The raising of the standard of living was the primary objective of a policy of industrialization and it might be expected therefore that one of the criteria against which an industry might be measured was its contribution to the production of more consumer goods. This might not be possible if a substantial portion of resources had to be devoted to other industries or to other sectors. Even in the latter case, however, some rise in the production of consumer goods might be felt desirable to counteract the inflationary tendencies associated with a high rate of development expenditure, and to provide incentives in the form of consumption goods, especially to those in the non-monetized sector of the economy.

Import substitution

That criterion was the obverse of that of export promotion—each of them having the aim of easing present or prospective balance of payments difficulties. If a developing country was unable to export its industrial products, and to expand sufficiently its exports of primary produce, there might be a strain on its foreign exchange resources (even if its initial position was satisfactory). The demand of the population for imports of consumer goods increased, and its industries used a rising proportion of imported raw materials and plant. Many countries of the region were therefore looking to their growing industries to provide substitutes for imports, not only of consumer goods but of producers' materials and equipment. Countries which had already moved towards the substitution of domestically-produced consumer goods for imports were also seeking to encourage further development "in depth"—using fewer imported components and importing their materials in cruder form, to allow more local processing, especially in 'market-oriented' industries. Governments in the region were aware, however, of the need to take account of the principles of international specialization, subject to the reservations mentioned earlier. Some countries were producing certain types of machines, but importing others which were highly specialized. The Working Party noted also that it was advisable for developing countries to consider not so much the apparent total savings of foreign exchange achieved by import substitution, but rather the *net* saving on imports—that is, the value of imports displaced, less the direct and indirect import costs of equipping, operating and maintaining the industry.

Promoting exports

Industries which promoted exports were desirable in any economy but were particularly important to countries suffering from balance of payments difficulties. As already noted, import substitution might generate additional demand for new imports and this could not be regarded as a fully satisfactory solution to foreign exchange problems. The promotion of industrial exports might lend added stability to a country's foreign exchange earnings since the prices of manufactured products tended to fluctuate less than those of primary products.

Some emphasis was laid on the desirability of processing primary products to a more refined stage before export where this was possible. That would generally increase the total export earnings and also in some cases strengthen the position of exporters of primary produce by increasing the number of market outlets.

The problem of balance

The judgments of governments as to the relative desirability of particular industries reflected to a large extent the governments' aims in the allocation of resources.

The amount of resources available for industrialization would depend on the total resources that the governments could mobilize and on governments' decisions as to the resources that needed to be allocated to other sectors of the economy such as non-developmental expenditure; the growth of the infrastructure; or the expansion or development of primary production. If reliance was placed on the latter, for example, to provide foreign exchange or raw materials to assist industrialization, it might be unwise to foster industrial development at the expense of such primary production. Similarly, the growth of the infrastructure should keep pace with the development of industry. The neglect of education, housing and health expenditure could also impede industrial growth.

There was also a need for balanced growth within the manufacturing sector itself. Many countries might wish to provide employment opportunities through industrialization. In addition, they might look to manufacturing growth for import substitution, for an increase in output and productivity or for a broadening of the industrial base. If some of their objectives conflicted, a choice would have to be made as to the emphasis to be laid on each. The emphasis on increasing employment opportunities through labour-intensive techniques might not be preferable if the process led to a fall in the general standard of living through the lowering of productivity. The broadening of the industrial base had to be carried out with regard to the level of production of consumer goods which it was desired to achieve by a future point of time. The costs of unemployment might be regarded as offsetting the cost of maintaining labour-intensive or small-scale industries. The balance between these, and many other, considerations was a matter for decision by each country, but it was important to appreciate that a balance had to be struck.

Inter-relation of countries' Development plans

Members of the Working Party agreed that it would be useful if there were a system for the greater exchange of information and for other suitable arrangements to enable each country to take into account the industrialization plans of other countries within the region. Some countries had found—after they had formulated, and sometimes started, their industrialization plans—that other countries in the region were making similar plans. This could have serious effects if each of the countries making such plans had been intending to export part of the output of the new industries. The potential wastage of resources might have been avoided if there had been some initial exchange of information and co-ordination. It was suggested that the ECAFE secretariat should continue to assemble, and make generally available, information about the development plans of the countries of the region and that the member governments should extend their fullest co-operation to the secretariat in these efforts.

Accounting prices

The evaluation of investments in industrial and other development projects should be based on the price of the factors of production. The market prices did not always reflect the relative scarcity of the factors. In other words, the market prices might differ from the equilibrium price. For this reason, some delegates discussed the desirability of applying accounting or shadow prices in project appraisals to ensure a proper allocation of resources.

The existence of widespread unemployment in most countries of the region generally resulted in a very low wage rate. However, trade union activities, imperfection of the labour market and social legislation might prevent the wage rate from finding the equilibrium level. In such a case, the application of an appropriate accounting price for labour might make it possible to adopt techniques and scales which did not at first appear to be proper at the market wage rate.

On the other hand, the rate of interest at which capital was available might understate the true cost of capital in countries of the region. This was particularly the case where funds were provided by government financial institutions. By the adoption of an accounting price of capital, a more realistic allocation of this scarce resources might be achieved.

In countries with balance of payment problems, certain favoured industries might have to be singled out for the allocation of foreign exchange at rates below the equilibrium level and an accounting price might be necessary for the purpose of project appraisal.

The Working Party noted the value of accounting prices as an analytical tool. There was however no experience in its practical application, and the Working Party suggested that the subject would need further study.

THE CHOICE OF TECHNIQUES AND SCALE OF PRODUCTION

The Working Party discussed at some length the various aspects of the question of choice of techniques in industrial development. Relative scarcity of capital and relative abundance of manpower were features common to the economies of the countries in the region. If the policies and programmes of development aimed at the best utilization of this factor combination, choice of labour-intensive techniques appeared to some countries to be a preferable course in several fields, at any rate in the early stages of development. From the standpoint of rapid economic growth, however, capital-intensive techniques offered distinct advantages. The higher levels of productivity which could be achieved with these techniques made possible a higher rate of capital accumulation, larger output and, in the longer period, creation of larger employment. Some capital-intensive activities might have a more immediate effect in the indirect promotion of employment in other fields.

The bearing of capital intensive techniques on the rate of saving and the rate of capital accumulation needed careful study. The general effect of the use of capital-intensive techniques might be the concentration of incomes at particular points. This would be conducive to a high rate of savings but not necessarily to increased employment. If a country could by suitable measures bring about a combination of capital-intensive techniques and a more even distribution of incomes, benefits even in terms of large employment could be obtained. It was, however, doubtful if such results could be obtained in a short period. Sufficient evidence was not available to establish clearly the implications of the use of capital-intensive and labour-intensive techniques in terms of savings. It was, however, a subject of considerable importance, and the data for its study needed to be collected and examined.

A consideration of primary importance in industrially under-developed countries with large manpower was the fullest utilization of all available resources. Unemployment and under-employment represented large-scale economic wastage which should as far as possible be eliminated. Further, unemployment created serious social problems.

In practice, choice of techniques called for some difficult decisions. In planning, these decisions had to be taken by each country with reference to the stage of development reached by it, rate of increase of working population, prevalence of unemployment and availability of capital. In respect of the private sector, it would be the private investor who, to the extent that there was any choice, had constantly to weigh the profitability of the use of capital against labour and of one technique against another.

The Working Party discussed the various considerations relevant to the choice of techniques. In a country with a large backlog of unemployment and a rapidly increasing labour force, a fairly extensive resort to labour-intensive techniques might be necessary. Such a course might mean acceptance of lower productivity and output, but this might in the short run be preferred to a deterioration in the employment situation.

It was felt that a vital factor in the examination of the problem was the period of time in view. There was a general belief that, over a longer period, increases in productivity and in employment were not only mutually consistent but closely interrelated. The introduction of capital-intensive techniques created the conditions necessary for economic growth. Every application of such techniques provided the basis for further technical advance.

Over the short period, however, the unregulated and unplanned introduction of capital-intensive techniques, particularly in existing industries, might result in displacement of labour and worsening of the unemployment position. A gradual and planned transition to higher levels of techniques would seem to be the prudent course. In some countries, arrangements had been made for consultations between employers and labour in organized large scale industries in regard to the introduction of labour-saving techniques in order to avoid widespread labour displacement. By law or mutual understanding, employers were obliged to employ displaced workers before taking in fresh recruits.

The capital-intensive techniques also had their own such limitations, especially in the context of shortage of capital. A country faced with a shortage had to use them with the utmost care, applying them to different ends according to strict priorities. In some uses, more capital might have to be applied, i.e. the techniques in some industries and processes might be highly capital-intensive, while in other uses there might have to be a preponderance of labour-intensive techniques.

Almost all the countries in the region have cottage or small industries, using mostly labour-intensive techniques, such as handloom weaving, crushing of oilseeds, artistic crafts, and small engineering products. In view of the need to avoid acute economic and social strains to a structure which provided in some cases a kind of built-in social insurance, some governments had felt that these industries should be assisted to grow as a decentralized sector of the economy. They gave supplementary occupation to the farmer and provided an outlet for the small entrepreneur. Small markets, rudimentary skills, lack of power supply might be factors favouring the continuance of such industries. The techniques and organization in them, however, needed to be improved by persistent effort and judicious government assistance. This was already being done in several countries. A selective approach should be adopted in giving such assistance.

A fruitful method of bringing about co-ordination between capital-intensive and labour-intensive techniques was to promote sub-contracting arrangements between large manufacturing firms and small producers. These arrangements had to be on a voluntary basis and to have regard to the quality, standardization and prices of the small producer.

During the discussion, some members of the Working Party drew attention to certain limitations and undesirable social aspects of the development of small industries. It was pointed out that these industries constituted a low-wage sector of the economy and did not, as large industries did, have to pay minimum wages and comply with certain provisions. Competitive co-existence of the two types of industries was thus based on somewhat lower standards of pay and conditions in one sector. The craftsmen trained as a part of the development of these industries might find it difficult to obtain employment in the changing conditions of a developing economy. And there was a danger of creating a vested interest by perpetuating antiquated methods of production.

The extent to which labour-intensive and capital-intensive techniques should be adopted would vary for different sectors, programmes and projects. Since techniques were continually evolving, the appropriate combinations would have to be constantly revised case by case. In heavy industries, for instance, there might be little scope for labour-intensive techniques; in agriculture and the construction sectors, the possibilities were likely to be much greater, and in other sectors, such as manufacturing industry (other than heavy industry) and

transport, capital-intensive techniques in some operations or processes and labour-intensive techniques in others could continue side by side. Reference was made to the possibilities of employing surplus labour in rural areas through the location of small industries in these areas.

It was in the consumer goods industries that the choice between different techniques was particularly difficult. Generally, in the production of such goods both kinds of techniques could be used. In some industries, particularly those producing goods of the artistic type, there might be a clear advantage in using labour-intensive techniques. A country might find it necessary to reserve certain spheres of production for cottage and small-scale industries and assign specific roles to the large-scale sector and the cottage sector within the framework of a production programme.

In an assessment of the comparative cost of the different techniques, it was not enough to calculate only the economic cost. The cost of providing employment or giving relief to the displaced persons had also to be taken into account. The Working Party recognized that the concept of over-all social cost had to be applied to the question of choice between alternative techniques.

The calculation of social cost implied that choice of a technique had social implications which in turn had to be assessed in term of the economic cost. The social effects and economic cost of a decision or course of actions could not be divorced when economic development was being planned. The computation of social cost, however, presupposed the availability of sufficient and precise data. The countries in the region might therefore initiate measures for the collection of statistical data on the basis of which the necessary studies of social cost could be made.

A suggestion made by some members of the Working Party was that an expert sub-group should go further into the methods of measurement of costs of different techniques and the possibilities of combining different techniques in particular sector, programmes, projects or processes. When the expert group on programming techniques was set up, that might be one of the subjects taken up by it for study.

ASIAN ECONOMIC STATISTICS

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UNITS AND SYMBOLS EMPLOYED

Unless otherwise stated "tons" relate to metric tons, and "dollars" relate to United States dollars.

The following symbols have been used throughout:

* = average of six to eleven months.
‡ = 12 months beginning April of the year stated.
† = 12 months ending September of the year stated.
ø = 12 months ending June of the year stated.
I, II, III, and IV for quarters of years.

... = not available.
— = nil or negligible.
r = revised figures from this issue.
Figures in italics are provisional.

Substantial breaks in the homogeneity of a series are indicated either by a horizontal line across the column or by vertical double lines in a row of figures.

SOURCES

To ensure comparability, data compiled or published by the United Nations Statistical Office have been incorporated wherever feasible; material supplied by governments, publications of governments, of the United Nations specialized agencies and of international commodity study groups have been used as additional sources.

GENERAL TABLES

REGIONAL STATISTICS

1. REGIONAL STATISTICAL SERIES

Annual, quarterly and monthly figures

Item	1950	1951	1952	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II
POPULATION (*Mid-year, million*)													
Including mainland China	1,300	1,321	1,345	1,368	1,393	1,418	1,443	1,468	...	...	...	...	...
Excluding mainland China	754	763	776	787	798	810	822	834	...	...	...	...	...
AGRICULTURAL PRODUCTION[a]													
Index of agricultural production (excluding mainland China) (*1934-38=100*)													
All commodities	...	...	...	114	117	121	*124*	*123*	...	...	...	...	...
Food	...	...	...	116	117	121	*124*	*123*	...	...	...	...	...
Cereals	...	...	...	115	113	117	*122*	...	...	...	...	...	...
Cereals (*million tons*)	101.0	102.1	107.6	121.3	121.0	123.3	128.2	*123.2*	...	...	...	...	...
Rice (milled)	65.2	65.1	69.0	76.6	72.2	78.5	*82.6*	*77.4*	...	...	...	...	...
Wheat	13.6	13.8	12.6	13.5	15.6	15.9	*15.8*	*16.5*	...	...	...	...	...
Maize	4.9	5.1	5.5	6.8	*7.6*	*6.6*	*7.1*	7.4	...	...	...	...	...
Millet and sorghums	12.6	12.5	14.7	18.5	*18.2*	*15.4*	*15.9*	15.3	...	...	...	...	...
Starchy root crops (*million tons*)	25.5	25.5	28.2	30.5	31.9	33.9	33.1	*33.6*	...	...	...	...	...
Potatoes	5.2	4.9	5.1	*5.2*	*5.3*	*5.6*	*5.4*	...	...	...	...	...	...
Sweet potatoes and Yams	12.3	11.2	13.4	*12.8*	*12.9*	*14.8*	*15.1*	...	...	...	...	...	...
Cassava	8.0	9.4	9.7	*11.6*	*13.0*	*12.5*	*12.4*	...	...	...	...	...	...
Oilseeds (*million tons*)													
Groundnuts (in shell)	4.1	3.9	3.6	4.2	5.0	4.7	*5.0*	...	...	...	...	...	...
Copra	2.0	2.5	2.3	2.2	2.4	2.4	*2.6*	...	...	...	...	...	...
Tea (*million tons*)	0.5	0.6	0.6	0.6	0.6	0.6	*0.6*	0.6	0.1	0.2	0.2	0.1	0.1
Tobacco (*million tons*)	0.6	0.6	0.6	0.6	0.8	0.8	*0.8*	...	...	...	...	...	...
Fibres (*million tons*)													
Cotton (lint)	0.9	1.0	1.0	1.1	1.3	1.2	*1.3*	*1.3*	...	...	...	...	...
Jute	1.7	2.0	2.1	1.2	1.5	2.1	*2.0*	*2.0*	...	...	...	...	...
Natural rubber[a] (*million tons*)	1.8	1.8	1.7	1.6	1.7	1.8	1.8	1.8	0.4	0.5	0.5	0.4	0.4
INDUSTRIAL PRODUCTION													
Index of industrial production[b] (*1953=100*)													
Mining and manufacturing	67	83	89	100	110	122	143	157	158	157	159	166	*157*
Mining	82	92	95	100	100	105	112	122	121	123	128	115	*113*
Manufacturing	65	82	88	100	111	125	147	162	163	161	163	173	*163*
Food beverages, tobacco	73	80	88	100	106	120	129	138	137	131	137	212	*142*
Textiles	65	81	88	100	114	124	137	143	142	144	147	137	*136*
Paper and paper products	52	69	78	100	122	139	162	181	175	189	183	180	*186*
Chemicals petroleum and coal products	55	70	82	100	121	141	160	185	187	186	196	196	*203*
Non-metallic mineral products	70	89	92	100	113	117	138	159	158	153	169	164	*161*
Basic metals	63	83	89	100	107	121	144	164	172	167	148	143	*148*
Metal products	55	81	80	100	106	115	162	179	183	183	183	184	*183*
Coal (*million tons*)	75.2	82.1	85.2	88.3	84.9	86.6	92.3	103.8	25.9	25.8	27.3	26.1	24.6
Iron ore (*million tons*)	5.22	6.81	7.77	7.70	8.41	8.91	10.34	11.55	3.03	3.06	2.75	2.51	3.12
Tin in concentrates (*thousand tons*)	103.5	101.4	104.9	104.5	109.8	109.5	108.7	104.5	24.8	27.1	27.9	20.0	18.5
Petroleum, crude (*million tons*)	11.14	13.10	14.26	15.83	16.37	17.90	19.24	22.07	5.47	5.76	5.87	5.3	*5.1*
Salt (*thousand tons*)	4,310	4,641	4,860	4,955	4,562	5,038	4,823	5,893	2,913	1,038	1,110	*1,145*	*3,306*
Sugar (*thousand tons*)	2,515	2,812	3,647	3,973	3,783	4,660[r]	4,857[r]	5,025	...	...	...	...	...
Cotton yarn (*thousand tons*)	816	981	1,076	1,219	1,346	1,380	1,490	1,590	401	402	393	*362*	*341*
Cotton fabrics (*million metres*)	4,980	5,980	6,606	7,545	8,153	8,188	8,839	9,268	2,351	2,317	2,305	*2,097*	*1,923*
Jute manufactures (*thousand tons*)	854	896	992	942	1,013	1,145	1,268	1,209	300	300	314	316	*302*
Paper and paper board (*thousand tons*)	706	1,333	1,525	1,946	2,136	2,478	2,858	3,285	848	845	810	807	851
Vegetable oils (*thousand tons*)	740	785	839	879	969	1,084	1,150	*1,186*	*286*	*306*	*303*	*288*	*285*
Cement (*million tons*)	8.4	11.4	12.5	14.6	17.5	17.6	20.6	23.8	6.1	5.7	6.3	6.2	*5.8*
Steel (ingots & metal for castings) (*thousand tons*)	6,313	8,040	8,616	9,234	9,520	11,209	12,957	14,408	3,804	3,694	3,306	3,368	3,414
Tin metal (*thousand tons*)	70.7	67.8	64.7	64.9	74.5	74.5	76.9	74.3	18.5	18.9	17.9	15.9	11.2
Electricity (*thousand million kWh*)	53.4	57.5	62.4	67.7	73.3	78.8	89.6	97.4	25.3	26.0	23.6	23.6	*23.5*
TRANSPORT[c]													
Railway traffic (*thousand million*)													
Passenger kilometres	148.2	147.7	152.8	157.5	163.5	170.9	182.0	190.0	48.4	47.4	46.7	*45.8*	*49.0*
Freight ton-kilometres	82.0	92.9	96.5	100.0	98.3	107.5	117.5	130.2	32.2	31.7	33.9	31.7	*30.7*
International sea-borne shipping (*million tons*)													
Freight loaded	22.2	25.8	29.6	34.9	36.7	40.2	42.2	44.2	10.9	11.1	11.6	10.3	*10.5*
Freight unloaded	32.4	46.5	50.5	62.0	64.5	70.2	83.0	99.7	27.4	26.0	23.6	21.0	*19.9*
EXTERNAL TRADE													
Total value (*million US dollars*)													
Exports	6,725	9,721	7,692	6,940	7,269	8,358	8,877	9,424	2,223	2,401	2,362	2,211	...
Imports	6,058	9,576	9,583	8,882	8,540	9,142	10,905	12,845	3,549	3,255	2,886	2,755	...
Quantum index[c] (*1953=100*)													
Exports	93	100	100	100	109	124	132	141	132	146	140	159	...
Imports	75	96	98	100	105	109	127	122	158	146	108	107	...
Unit value index[d] (*in US dollars, 1953=100*)													
Exports	103	140	111	100	98	99	98	98	98	97	99	82	...
Imports	91	117	114	100	94	95	98	122	105	103	123	119	...
Terms of trade[e] (*1953=100*)	113	120	98	100	104	104	100	81	94	94	81	69	...

1. REGIONAL STATISTICAL SERIES *(Cont'd)*

Annual and quarterly figures

Item	1950	1951	1952	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II
EXTERNAL TRADE *(Cont'd)*													
Direction of trade													
(million US dollars)													
Exports to:—													
ECAFE countries	2,432	3,522	2,964	2,562	2,539	2,667	2,964	*3,188*	*793*	*747*	*820*	*708*	*703*
Western Europe (including U.K.)	1,690	2,713	1,863	1,759	1,789	2,122	2,178	*2,124*	*452*	*547*	*546*	*505*	*408*
U.K.	696	1,249	840	744	845	1,004	1,004	*928*	*183*	*240*	*259*	*240*	*205*
U.S.A.	1,392	1,641	1,390	1,238	1,172	1,526	1,526	*1,642*	*396*	*451*	*418*	*384*	*369*
Sterling area	2,574	4,006	2,851	2,339	2,691	2,962	2,971	*3,189*	*710*	*820*	*856*	*740*	*660*
Imports from:—													
ECAFE countries	2,217	3,364	3,100	2,794	2,679	3,059	3,376	*3,653*	*938*	*808*	*847*	*823*	*847*
Western Europe (including U.K.)	1,384	2,349	2,436	2,221	2,188	2,220	2,568	*3,136*	*848*	*790*	*742*	*668*	*572*
U.K.	720	1,029	1,073	930	902	956	1,132	*1,308*	*347*	*330*	*297*	*288*	*244*
U.S.A.	1,243	1,992	2,193	1,800	1,813	1,871	2,382	*3,345*	*990*	*873*	*699*	*663*	*651*
Sterling area	2,140	2,954	2,914	2,682	2,400	2,658	3,072	*3,616*	*975*	*888*	*851*	*745*	*624*
Export of primary products[e]													
Quantum indexes *(1953=100)*													
General	92	101	98	100	102	108	109	111	108	112	107	109	...
Food	86	99	96	100	107	108	115	119	120	123	101	130	...
Agricultural materials	101	107	101	100	99	109	105	102	94	99	106	95	...
Mineral products	67	81	95	100	95	100	111	133	136	142	139	103	...
Unit value index *(1953=100)*													
General	112	148	117	100	100	108	101	102	101	100	105	96	...
Food	90	94	100	100	105	95	92	94	92	89	100	86	...
Agricultural materials	130	191	130	100	96	120	109	110	105	110	108	104	...
Mineral products	83	105	109	100	93	95	101	102	112	103	104	107	...
Quantity of exports *(thousand tons)*													
Food													
Fish, fresh or simply preserved	97	121	145	153	164	180	173	172	34	41	44	69	...
Rice and rice products	2,748	3,410	2,945	2,654	2,987	3,294	3,244	3,988	1,166	1,089	711	1,010	907
Sugar	1,031	857	1,255	1,755	1,604	1,689	1,632	1,804	562	294	280	660	495
Tea	368	432	394	436	459	408	458	420	76	118	111	105	83
Spices	53	49	62	59	74	80	90	84	16	22	22	18	10
Agricultural materials													
Hides and skins, raw	49	44	22	24	24	22	20	20	12	4	4	3	...
Oilseeds, oil nuts & oil kernels	1,135	1,427	1,143	1,017	1,219	1,232	1,416	1,396	340	388	346	222	208
Rubber, natural	1,751	1,756	1,692	1,611	1,688	1,782	1,699	1,737	389	454	468	386	346
Wood and lumber	621	893	1,094	1,481	1,732	2,023	2,251	2,359	667	586	576	594	860
Cotton, raw	254	260	313	354	186	276	226	165	50	15	26	*34*	...
Jute, raw	942	1,078	841	982	892	981	958	785	98	94	270	398	...
Hemp, raw	111	149	127	132	122	135	143	141	35	36	30	30	27
Vegetable oils, not essential	457	425	495	404	499	602	515	450	91	141	125	84	95
Mineral products													
Iron ore	1,237	2,144	3,152	3,728	3,540	4,399	5,636	6,631	2,202	1,888	1,381	997	1,602
Tin ore and concentrates	44	42	46	45	45	44	45	42	9	11	12	7	7
Manganese ore	823	1,162	1,463	1,593	1,006	936	712	1,742	491	396	436	302	214
Coal	1,048	2,451	2,729	2,201	2,063	1,562	1,940	1,655	411	458	400	431	461
Crude petroleum	3,768	4,974	5,670	6,963	7,083	8,367	10,027	12,408	3,014	3,406	3,373	2,755	3,120
GOLD AND FOREIGN EXCHANGE ASSETS[f] *(end of period, million US dollars)*[r]	3,847	4,179	4,773	4,505	4,531	5,153	4,897	3,774	4,098	3,872	3,774	3,801	...

GENERAL NOTES: In general, the regional statistical series cover the countries of the ECAFE region except mainland China, Nepal and, in most of the cases, Afghanistan; in some cases, other countries have also been omitted because of lack of data. Except in the case of mainland China, countries omitted from the regional series are, from the point of view of the series, usually less important. To ensure comparability, the countries included in different periods for each series are the same.

a. Crop year beginning from the year stated. FAO source except rubber for which the International Rubber Study Group figures are used.

b. The present index of production of mining and manufacturing industries, published since February 1958 issue in the United Nations, *Monthly Bulletin of Statistics*, replaces the provisional index of industrial production compiled by the ECAFE secretariat and published in the earlier issues of this Bulletin. This index covers Burma, Cambodia, Ceylon, China: Taiwan, Hong Kong, India, Indonesia, Japan, southern Korea, Laos, Federation of Malaya, Pakistan, Philippines, Singapore, Thailand and southern Viet-Nam.

c. For countries covered see table 5 on pp.43-44 below.

d. Based on quantum indexes of exports and imports compiled by governments for Burma, Ceylon, China (Taiwan), India, Japan, Malaya and the Philippines. Quantum indexes for Indonesia, Pakistan and Thailand are derived from unit value indexes. These ten national indexes are combined to form the regional index with the dollar values of exports and imports in the base year 1953 as weights. Exports of the countries included in the index account for 88 per cent of total exports of the region, excluding mainland China, in the base year, and imports of the countries included in the index account for 85 per cent of total imports of the region, again excluding mainland China. Intra-regional trade is not deducted, and the index shows changes in the total quantum of trade of ECAFE countries, and not changes in the trade of the region vis-à-vis other regions. The regional unit value indexes of exports and imports are derived from the regional quantum indexes and the total values of exports and imports of these ten countries in United States dollars.

e. Exports of 18 primary products and food from 16 countries (excluding Afghanistan, mainland China and Nepal) are included in the index. To minimize the effect of transit trade, only export of domestic produce is included for Hong Kong and net export of rubber is used for Malaya and Singapore. The quantity of exports of each item is totalled for 16 countries, and relatives with 1953 as the base have been computed. These quantity relatives have been then weighed by the total value of exports of each commodity in 16 countries in terms of United States dollars in 1953 to form the quantum index. The unit value index is obtained by dividing the index of total value of exports in United States dollars by the quantum index. The commodities included in the index account for 44 per cent of the total value of exports from the 16 countries. (If Hong Kong and Japan are excluded, the percentage is increased to 58.)

f. Includes Burma, Ceylon, China (Taiwan), India, Indonesia, Japan, southern Korea, Pakistan, Philippines, Thailand and southern Viet-Nam. Figures prior to 1952 exclude Japan those and prior to 1955 exclude Viet-Nam.

PRODUCTION

2. INDEX NUMBERS OF PRODUCTION
1953=100[a]

Country and production	Weight	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
CHINA (Taiwan)												
Industrial production[b]	100.0	107	119	125	142	146	152	165	150	160	151	153
Mining and quarrying	10.5	100	114	120	134	140	128	157	133	158	141	127
Coal	7.4	88	99	106	122	118	123	137	121	140	134	126
Manufacturing[b]	76.6	107	120	125	143	148	158	169	152	161	151	156
Food[b]	19.0	85	101	104	126	138	182	224	196	161	118	191
Textiles	17.8	116	122	115	128	128	133	140	111	116	103	97
Chemicals	9.5	109	120	134	158	156	152	173	143	164	151	144
Construction of buildings	1.1	106	145	104	118	93	122	170	197	125	158	140
Public utilities	11.9	115	123	135	149	146	151	157	149	160	156	165
Electricity	7.6	115	126	144	163	158	167	175	164	181	172	187
INDIA												
Industrial production	100.0	107	116	126	140	149	142	135	136	130	140	...
Mining	7.2	103	107	110	122	122	114	128	130	127	123	...
Manufacturing	90.7	107	116	126	140	151	143	135	135	128	140	...
Food	11.8	96	115	124	216	306	252	177	150	136	203	...
Textiles	48.0	103	106	112	109	109	107	107	106	103	105	102
Rubber products	3.4	117	129	139	152	153	157	144	169	170	180	164
Chemicals	4.2	108	122	132	140	134	137	146	152	155	158	...
Non-metallic mineral products[c]	3.3	115	124	141	159	147	152	177	191	181	168	...
Basic metal industries	8.0	121	119	124	126	123	124	129	132	120	130	...
Non-electrical machinery	0.6	153	205	269	363	354	367	394	456	417	415	...
Electrical machinery	1.5	112	138	184	216	210	220	220	230	232	253	...
Transport equipment	2.9	113	171	236	247	229	242	237	260	188	177	...
Electricity	2.1	112	116	145	163	165	166	167	174	184	187	...
INDONESIA												
Export products												
General[d]	...	108	109	109	*118*	...	...	...	...	...	...	...
Estate	...	100	99	96	*100*	...	...	...	...	...	...	...
Peasantry	...	123	117	110	*108*	...	...	...	...	...	...	...
Mining	...	105	111	117	*137*	...	...	...	...	...	...	...
Estate products (7 items)	...	99	94	92	93	93	93	92	*91*	...	...	...
JAPAN[r]												
Industrial production	100	108	117	144	167	172	168	165	167	163	165	164
Manufacturing and mining	92.8	108	117	143	169	174	169	166	168	163	166	165
Mining	7.2	96	97	107	118	120	117	124	115	107	117	108
Manufacturing	85.6	110	119	147	174	180	175	171	174	170	171	171
Food	11.5	108	115	122	128	116	109	103	202	118	124	120
Textile	15.0	109	121	144	159	163	161	159	141	138	134	140
Chemicals	10.7	114	132	159	187	201	191	188	185	196	193	196
Ferrous metal	8.9	105	117	143	162	176	170	149	143	155	151	150
Machinery	17.0	113	114	166	230	241	239	236	229	239	244	246
Public utilities	7.2	106	114	131	146	149	152	150	147	154	154	153
KOREA, southern (1954=100)												
Industrial production	100.0	100	119	143	187	198	195	209	167	205	211	...
Mining	10.0	100	115	145	194	191	195	228	217	214	209	...
Manufacturing	87.0	100	120	143	188	198	196	208	161	206	213	...
Textiles	48.0	100	119	142	188	185	196	210	174	203	193	...
Metal products and machinery	13.0	100	128	179	235	254	226	269	190	190	242	...
Electricity	3.0	100	98	124	148	138	143	162	168	160	162	...
PAKISTAN												
Industrial production	100.0	128	161	182	195	189	195	205	...	...	...	...
Mining	6.1	101	107	125	130	132	132	130	...	...	...	...
Manufacturing	93.9	131	167	189	203	196	203	214	...	...	...	...
PHILIPPINES												
Mining	—	94	102	113	126	130	124	136	117	129	...	...
Manufacturing	—	113	127	147	158	160	162	161	165	164	...	...

a. Original base: *China (Taiwan)*, 1954; *India*, 1951; *Indonesia*, 1938; *Japan*, 1955; *Korea*, 1955; *Pakistan*, 1950; *Philippines*, 1952 for 1953 and 1954, 1955 for succeeding years.

b. Sugar production is excluded from the monthly and quarterly index but included in the annual index. Weights relate to annual index.

c. Manufactures of non-metallic mineral products except products of petroleum and coal.

d. 18 products, including forest products (jungle wood and rattan).

3. PRODUCTION OF SELECTED COMMODITIES

Monthly averages or calendar months

Thousand tons

Commodity and country	1948	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
NATURAL RUBBER[a]													
Cambodia	1.4	1.9	2.0	2.3	2.7	2.6	2.3	3.0	3.7	1.6	2.5	3.1	3.0
Ceylon	8.0	8.3	8.0	7.9	8.1	8.3	7.2	10.1	9.5	8.0	8.1	8.4	9.1
India	1.3	1.8	1.8	1.9	2.0	2.0	1.5	2.2	2.8	1.7	1.8	2.1	1.3
Indonesia	36.6	58.6	62.5	62.1	58.1	58.0	54.0	74.7	52.6	37.3	42.1	67.1	63.4
Malaya including Singapore	59.1	48.6	49.5	54.1	53.1	54.1	49.4	56.1	56.7	54.7	48.6	61.3	59.8
Sarawak	3.4	2.0	2.0	3.3	3.4	3.5	3.5	3.2	3.4	2.7	3.0	3.5	3.8
Viet-Nam	2.3	4.2	4.6	5.5	5.9	5.8	5.5	6.4	7.9	2.6	5.1	6.2	...
COAL													
China (Taiwan)	138	199	177	197	211	243	235	245	273	242	286	266	252
India	2,551	3,046	3,123	3,237	3,339	3,680	3,676	3,493	3,892	3,847	3,806	3,809	3,596
Indonesia	45	75	75	68	69	60	58	53	66	51	43	...	...
Japan	2,810	3,878	3,560	3,535	3,880	4,311	4,410	4,202	4,523	4,283	3,801	4,289	3,797
Korea, southern	67	72	74	109	151	203	184	203	252	220	243	192	210
Malaya,[b] Federation of	32	24	19	17	15	13	14	11	10	7	6	4	4
Pakistan[c]	20	49	47	45	55	44	42	39	46	...	...	...	...
IRON ORE[d]													
Hong Kong	—	10	8	10	10	8	7	8	8	9	9	10	7
India	193	309	333	361	359	391	399	350	423	464	473	394	...
Japan[e]	47	128	136	126	159	187	181	218	200	141	166	167	184
Korea, southern	—	2	3	2	5	15	17	17	18	20	26	22	21
Malaya, Federation of	—	90	103	124	207	252	282	317	181	119	264	355	345
Philippines	18	101	119	119	120	112	133	109	86	84	91	...	...
TIN CONCENTRATES (*tons*)													
Burma	97	*80*	*80*	*80*	*78*	*71*	*80*	*60*	*67*	*61*	*61*	...	...
China	406	*525*	*625*	*700*	*700*	*800*	*800*	*700*	*800*	*965*	*965*	...	...
Indonesia	2,592	2,858	3,036	2,825	2,545	2,347	2,121	2,665	2,636	1,801	1,980	2,311	2,210
Japan	10	62	61	76	78	80	82	80	84	90	92	...	...
Laos	...	...	9	21	20	44	40	42	42	52	51	...	...
Malaya, Federation of	3,794	4,763	5,139	5,186	5,274	5,020	4,878	5,028	5,170	3,981	3,331	3,247	2,836
Thailand	359	885	828	933	1,057	1,145	1,070	1,152	1,299	694	640	...	...
PETROLEUM, CRUDE[f]													
Brunei	224	407	399	438	470	461	466	466	452	429	415	...	...
Burma	4	12	15	18	19	33	36	37	32	34	37	42	36
Indonesia	361	852	898	982	1,061	1,289	1,266	1,358	1,414	1,250	1,348	...	...
Japan	13	25	25	29	29	27	26	28	29	30	30	31	31
Pakistan	5	20	22	23	24	25	25	25	25	...	...	...	...
Sarawak	4	4	6	6	6	6	6	6	6	5	...	...	...
SALT													
China (Taiwan)	30.5	13.5	30.7	35.1	25.4	32.3	42.2	16.0	53.7	30.9	56.4	22.1	8.1
India	197.6	268.5	229.9	252.2	276.9	307.5	772.2	173.3	92.7	269.3	878.3	223.4	...
Indonesia	29.7	22.3	10.9	3.8	9.1	28.9	—	12.5	103.2	...	...	...	...
Japan[g]	24.3	38.4	35.4	46.1	52.3	69.3	72.4	76.0	74.6	66.7	84.3	108.3	117.6
Korea, southern	...	16.1	15.0	29.5	16.4	32.0	61.7	40.8	25.4	0.4	63.6	81.0	76.2
SUGAR[h]													
China (Taiwan)	24.4	76.7	53.5	66.9	64.6	76.5	22.8	—	93.9	184.6	19.5	—	—
India	91.0	109.3	85.3	135.0	157.2	172.6	159.0	8.7	162.5	412.8	85.7	4.4	7.3
Indonesia	...	51.6	59.8	71.4	65.5[r]	69.0	96.1	169.2	10.8	—	80.7	242.5	160.6
Pakistan	0.8*	7.3	6.4	8.0	7.4	9.4	6.4	0.1	11.5	29.2	...	...	...
Philippines	30.1	85.7	108.4	103.7	97.0	...	...	...	...	...	...	...	...
TEA													
Ceylon	11.3	13.0	13.9	14.4	14.2	15.0	18.7	11.6	13.8	15.5	16.7	12.7	11.7
China (Taiwan)	0.9	1.4	1.6	1.1	1.1	1.3	1.7	1.5	1.2	0.8	1.2	1.5	...
India	21.5	23.0	24.1	25.0	25.1	25.2	23.5	44.5	28.5	4.9	24.7	44.4	...
Indonesia	...	3.1	3.9	3.6	3.5	3.9	3.9	3.4	4.4	3.8	3.8	3.6	3.3
Pakistan	2.2*	2.1	2.1	2.0	2.1	1.8	1.3	3.4	2.4	0.2	...	...	...
COTTON YARN													
China (Taiwan)	—	1.6	1.9	2.1	2.0	2.3	2.2	2.6	2.6	2.1	2.1	2.3	2.3
Hong Kong	...	2.7	3.3	3.5	3.8	4.0	3.9	4.2	4.4	4.2	4.5	4.5	4.4
India	54.7	56.9	59.0	61.8	63.2	67.3	66.6	67.3	67.2	63.5	60.3	65.8	63.7
Japan	10.4	34.5	38.7	34.9	41.1	43.1	45.7	44.2	39.8	37.0	35.7	36.7	35.1
Korea, southern	0.5	1.1	1.7	2.2	2.6	3.4	3.4	3.3	3.9	3.2	3.6	3.4	3.4
Pakistan	0.2	4.5	7.3	10.4	11.4	12.0	11.7	11.9	12.7	*10.2*	...	...	...
COTTON FABRICS (*Mn metres*)													
Ceylon (*Mn sq. metres*)	0.5	0.6	0.4	0.4	0.6	0.4	0.4	0.5	0.6	0.5	0.5	...	...
China (Taiwan)	1.0	10.9	13.8	13.6	11.6	13.0	13.0	13.6	14.2	10.9	13.1	11.5	9.8
India	337	372	381	388	404	405	408	403	392	376	371	384	373
Indonesia	...	3.6	3.8	4.2	4.4	4.7	4.3	4.5	5.3	4.7	...	...	...
Japan (*Mn sq. metres*)	64	196	222	210	242	268	278	270	272	234	224	202	198
Korea, southern (*Mn sq. metres*)	2.4	6.0	8.0	8.4	10.2	13.8	13.6	13.6	15.0	9.3	10.2	9.6	10.8
Pakistan	6.7	19.2	26.5	34.5	38.1	40.0	38.5	39.9	42.0	...	...	...	...
Philippines	0.6	0.9	1.1	0.9	1.4	1.2	1.2	1.0	0.9	0.9	0.7	0.5	...
JUTE MANUFACTURES													
China (Taiwan) (Gunny bag. *1,000 pieces*)	228	701	754	898	1,050	1,007	1,056	799	1,047	852	572	—	...
India	92.2	73.6	78.6	87.0	92.5	87.2	86.1	86.0	90.8	91.1	89.8	91.2	86.6
Pakistan	...	4.2‡	4.5	7.5	12.1	12.6	12.8	13.1	12.7	13.4	*12.9*	...	...

3. PRODUCTION OF SELECTED COMMODITIES *(Cont'd)*

Monthly averages or calendar months — *Thousand tons*

Commodity and country	1948	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
PAPER													
China (Taiwan)	0.8	2.0	2.5	2.8	3.6	5.0	4.5	5.3	5.9	5.4	5.8	5.7	6.2
India	4.3	8.1	8.7	10.1	10.4	10.7	10.4	10.6	11.5	12.7	12.7	13.3	...
Japan[i]	35.3	146.8	160.1	183.6	214.0	246.8	257.4	254.7	240.2	238	253	241	237
Korea, southern	...	0.8	1.5	1.7	2.0	1.8	1.7	1.8	2.0	*1.9*	2.1	2.0	2.4
Pakistan	...	...	...	1.1	1.4	1.7	1.5	1.6	1.8	1.5	*1.2*	...	...
VEGETABLE OILS													
China (Taiwan): Edible oil	0.1	0.8	0.7	0.8	0.9	1.0	0.6	0.9	1.9	1.0	1.3	0.6	1.4
India: Edible oil (Vanaspati)	11.0	16.2	19.5	22.1	21.6	25.5	26.4	22.0	26.0	27.2	26.6	25.6	21.0
Indonesia: Palm oil	...	13.4	14.1	13.8	13.7	13.4	13.5	16.2	12.5	10.5	13.2	14.6	15.2
Japan: Coconut oil	1.1	1.2	1.6	2.3	2.0	2.4	2.1	2.7	2.2	2.2	2.1	2.5	2.1
Others	2.0	8.8	9.0	13.0	15.1	16.3	14.2	17.6	16.9	17.5	17.5	20.0	20.5
Malaya, Federation of: Coconut oil	4.3	6.7	8.2	8.0	9.2	8.2	7.4	8.9	8.0	7.0	7.0	8.0	7.3
Palm oil	3.8	4.2	4.6	4.8	4.7	5.0	4.9	5.7	5.2	4.8	5.8	7.4	7.1
Pakistan: Vegetable oil	—	0.9	0.9	1.2	1.4	1.5	1.3	1.5	1.6	2.1	...	...	...
Philippines: Coconut oil	7.7	11.8	12.2	13.3	*17.7*	...	...	...	...	...	...	...	...
Singapore: Coconut oil	3.8	1.4	3.2	2.8	3.4	4.1	3.7	4.6	4.9	2.8	2.0	3.0	...
SUPERPHOSPHATES[j]													
China (Taiwan)	...	5.8	6.5	6.7	8.4	8.6	8.6	9.2	9.5	6.6	9.4	9.4	...
India	1.8	4.1	8.9	6.3	6.9	12.0	12.5	15.0	11.6	12.4	13.8	17.5	...
Japan	79.6	118.9	143.5	149.6	171.5	155.3	178.3	139.1	131.5	161.1	138.7	142.7	145.3
AMMONIUM SULPHATE													
China (Taiwan)	...	0.5	0.4	0.4	0.6	1.3	1.1	1.3	1.2	1.1	1.7	1.1	1.9
India	2.9	27.0	28.9	33.3	32.9	32.1	28.7	31.4	35.3	34.0	30.6	30.7	...
Japan	79.3	161.3	172.9	179.4	193.6	202.6	215.9	222.3	213.1	197.6	221.5	238.6	227.8
PETROLEUM PRODUCTS[k]													
Burma	1.8	8.3	10.2	10.7	11.4	...	...	...	...	...	...	...	...
China (Taiwan, *thousand Kilolitres*)	19.5	27.0	37.0	51.0	52.8	55.8	59.9	63.7	52.6	53.9	52.0	72.0	62.9
Indonesia	...	808.2	825.8	863.9	859.0	911.1	897.0	923.0	923.1	876.0	775.6	...	...
Japan (*thousand Kilolitres*)	14.8	505.6	616.7	717.8	984.1	1,212.6	1,227.9	1,187.6	1,316.7	1,185.7	1,273.4	1,441.1	1,388.4
Pakistan	0.7	5.4	6.2	6.3	7.0	7.2	6.9	6.8	7.6	7.4	...	...	...
CEMENT													
Burma	...	3.5	4.9	5.0	3.2	3.1	3.3	2.7	2.0	1.9	2.8	3.6	3.2
Ceylon	...	5.5	7.0	7.1	7.1	4.1	3.9	4.7	3.5	5.6	...	...	...
China (Taiwan)	19.6	43.3	44.7	49.2	49.2	52.0	54.1	54.1	46.3	71.1	85.4	93.3	83.2
Hong Kong	4.4	5.3	8.4	9.7	10.1	8.7	9.2	7.0	9.1	15.2	10.5	5.1	7.9
India	131.0	320.0	372.0	379.9	417.2	474.3	439.6	446.1	544.6	564.2	551.5	485.4	485.0
Japan	154.9	730.7	889.6	879.7	1,085.3	1,264.7	1,373.0	1,224.9	1,303.6	1,199.0	1,171.0	1,179.0	1,264.0
Korea, southern	1.9	3.5	5.1	4.7	3.8	7.7	7.0	7.2	12.0	19.2	25.1	22.0	31.6
Malaya, Federation of	...	6.4[q]	7.2	9.1	8.7	9.5	9.2	10.0	9.4	9.6	9.0	7.5	9.2
Pakistan	27.4	50.5	57.0	57.8	65.5	91.3	89.8	85.0	95.2	87.1	*85.0*	...	...
Philippines	10.0	26.5	26.7	34.1	37.0	37.2	32.7	43.7	36.6	39.3	44.4	26.5	...
Thailand	6.9	24.0	31.9	32.2	33.1	33.5	28.8	38.2	35.7	41.3	38.8	36.8	35.5
STEEL (ingots and metal for castings)													
China (Taiwan)	0.6	2.5	4.1	4.8	6.0	7.4	5.6	6.0	8.5	8.3	7.9	8.2	8.4
India	106.4	127.6	143.4	144.3	147.1	145.2	139.2	140.4	152.8	156.6	132.8	160.1	...
Japan	142.8	638.5	645.0	784.0	925.5	1,047.5	1,222.3	1,084.0	939.6	957.2	966.1	978.6	*1,012.0*
Pakistan	0.2	0.9	0.8	0.9	0.9	1.4	1.0	0.9	0.9	0.9	*1.0*	...	...
TIN METAL (*tons*)													
Malaya, Federation of	4,209	5,284	6,025	5,980	6,203	6,036	6,006	6,135	5,799	5,139	3,593	3,835	3,515
ELECTRICITY (*million kWh*)													
Cambodia	1	2	2	2	3	3	3	3	3	3	3	3	...
Ceylon	5	12	14	15	*16*	17	18	19	18	16	18	19	19
China (Taiwan)	70	130	150	164	187	213	206	217	228	214	236	225	244
Hong Kong	13	36	41	47	54	62	60	68	62	62	67	73	69
India	381	559	625	716	803	906	910	925	935	954	1,021	1,057	...
Japan	2,965	4,642	4,967	5,433	6,011	6,476	6,815	6,993	6,169	6,227	6,376	6,933	5,381
Korea, southern	41	61	75	73	93	110	103	107	121	125	119	121	120
Malaya,[m] Federation of	...	64	73	79	84	89	88	91	93	82	75	...	...
Pakistan	11	34	41	51	64	...	...	...	...	...	...	...	...
Philippines (Manila)	30	52	58	65	77	93	91	98	99	100	105	110	111
Singapore	11	23	27	31	36	41	41	43	44	45	48	...	...
Thailand (Bangkok)[n]	4	8	13	16	18	22	21	22	23	23	*23*	...	...
Viet-Nam[p]	8	24	‖ 15	‖ 17	17	18	19	18	19	19	20	20	20

a. Including latex. b. Lignite. c. Including lignite.

d. Approximate metal content of ores as follows: Hong Kong 45%: India, 65%; Japan and the Philippines, 55%; Malaya, 60%.

e. Including iron sand.

f. Specific gravity: Brunei, Burma, Pakistan and Sarawak, 0.84; Indonesia, 0.85; Japan, 0.90.

g. Production in government licensed plants only.

h. Annual figures relate to crop year for India and the Philippines, calendar year for other countries.

i. Including paper board.

j. 16% P_2O_5 content.

k. Comprising motor spirit, kerosene and diesel oil for Burma; gasoline, diesel oil, kerosene and fuel oil for China (Taiwan); motor spirit, aviation spirit, kerosene, heavy oil, wax and paraffin, asphalt and cutback for Indonesia; gasoline, diesel oil, kerosene, fuel oil, gas oil, lubricating oil and others for Japan; motor spirit and kerosene for Pakistan.

m. Including electricity purchased from Singapore.

n. Consumption of electricity; Bangkok Electric Works and Sam Sen Power Station.

p. Beginning 1954, southern Viet-Nam only, which represented 57% of total production in 1954.

q. Annual rate based on production of August-December.

4. CONSTRUCTION—NEW BUILDING

Monthly averages or calendar months

	1948	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
Ceylon: completed[a]													
(Floor area—*thousand sq metres*)													
Residential	...	6.27	7.22	6.72	6.49	5.97	5.74	9.28	3.87	2.17	...	...	...
Non-residential	...	2.29	2.70	2.02	2.20	2.54	1.28	4.30	3.05	1.38	...	...	...
China (Taiwan)													
(Floor area—*thousand sq metres*)													
Public	...	6.09	4.81	6.15	4.71	5.68	4.94	7.12	7.21	9.19	9.77	...	...
Private	...	22.39	25.67	32.73	23.55	26.67	20.21	26.76	40.57	43.77	22.95	...	...
Hong Kong: completed													
(*Cost—thousand Hong Kong dollars*)													
Residential	...	4,128	4,236	8,902	8,654	10,267	10,811	8,584	14,103	10,041	6,563	14,572	17,758
Industrial	...	564	671	862	815	1,016	1,265	494	837	1,302	1,470	904	963
Commercial	...	86	886	336	1,438	1,204	873	187	2,796	122	396	12,539	—
Others	...	1,828	1,807	1,845	2,197	1,696	1,565	1,411	2,188	2,340	4,160	1,192	6,036
Japan: Started													
(Floor area—*thousand sq metres*)													
Residential	1,921	1,421	1,400	1,454	1,752	1,870	2,063	1,869	1,897	1,602	2,074	2,181	2,128
Non-residential	1,239	1,448	1,367	1,328	1,665	1,775	1,983	1,676	1,635	1,421	1,516	1,680	1,818
Korea, southern: permits issued													
(Floor area—*thousand sq metres*)													
Residential	...	...	...	13[b]	27	22	28	28	23	11	40	59	43
Non-residential	...	...	...	53[b]	65	66	79	74	73	30	83	66	132
Philippines:[c] permits issued													
(Value—*thousand pesos*)													
Residential	3,539	1,573	850	1,295	1,596	1,732	1,783	1,522	1,442	2,135	2,244	1,003	1,268
Non-residential	2,370	2,339	1,620	1,857	2,298	3,122	2,259	2,730	2,739	4,393	1,460	1,047	1,639
Thailand:[d] permits issued													
(*Number of permits*)													
Residential	126	251	214	244	201	204	204	191	196	256	237	220	218
Non-residential	41	57	72	72	64	44	53	31	30	26	28	24	15

a. Excluding particulars of buildings under building schemes. b. December. c. Manila only. d. Bangkok only.

5. VOLUME OF TRAFFIC: RAILWAYS, SEA-BORNE SHIPPING AND CIVIL AVIATION

Monthly averages or calendar months

	1948	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
RAILWAYS[a]													
Passenger-kilometres (*million*)													
Burma†	40	47	57	66	70	78	85	70	85	94	113	...	...
Cambodia	...	4	4	5	6	7	8	6	6	7	7	7	6
China (Taiwan)	184	173	186	211	237	287	281	286	298	310	314	296	...
India‡	4,925	4,723	4,892	5,040	5,464	5,587	5,853	5,429	5,448	5,487	*6,120*	...	...
Japan‡	6,595	6,963	7,253	7,603	8,174	8,412	8,487	8,642	8,263	8,356	8,945	8,702	10,178
Korea, southern‡	236	262	332	316	337	286	273	277	332	322	346	338	...
Pakistan‡	829	730	772	788	860	881	850	869	901	*902*	*826*	...	...
Philippinesø	26	32	35	37	43	*55*	*64*	49	57	54	70	50	...
Thailand	109	191	196	167	155	164	182	141	149	197	180	138	147
Viet-Nam[b]	...	8	|| 11	|| 31	32	37	39	35	35	38	35	32	...
Freight ton-kilometres (*million*)													
Burma†	52	35	44	53	51	51	56	47	47	56	53	...	...
Cambodia	...	4	5	2	4	5	5	5	4	6	7	3	3
Ceylon†	...	21	22	22	24	24	24	26	22	*16*	...	...	...
China (Taiwan)[c]	53	120	122	137	142	159	159	155	162	160	158	140	...
India‡	3,040	4,002	4,159	4,595	5,166	5,728	5,615	5,561	5,878	6,511	*5,527*	...	...
Indonesia	...	75	81	88	87	87	...	...	...	...	...	...	...
Japan‡	2,109	3,368	3,277	3,500	3,861	4,019	4,023	3,961	4,292	3,607	3,624	3,426	3,481
Korea, southern‡	87	229	160	179	189	197	200	211	213	182	205	203	...
Malaya including Singapore	26	31	32	33	37	36	39	36	32	33	32	34	...
Pakistan‡	319	472	449	469	520	548	537	489	570	*612*	*553*	...	...
Philippinesø	10	12	12	13	12	16	15	17	17	17	15	16	...
Thailand	25	54	57	65	76	85	80	88	89	100	96	99	82
Viet-Nam[b]	...	15	|| 12	|| 7	5	7	7	6	6	6	8	8	...

TRANSPORT

5. VOLUME OF TRAFFIC: RAILWAYS, SEA-BORNE SHIPPING AND CIVIL AVIATION *(Cont'd)*

Monthly averages or calendar months

		1948	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
INTERNATIONAL SEA-BORNE SHIPPING														
Freight loaded (L) and unloaded (U) in external trade *(thousand tons)*														
Ceylon[d]	L	63	73	92	88	82	83	67	86	67	70	53	75	88
	U	141	182	203	191	205	268	240	303	281	271	274	264	219
China (Taiwan)	L	13	*120*	85	106	104	111	109	63	110	160	141	160	172
	U	22	*109*	142	155	177	193	195	219	181	198	171	212	247
Hong Kong	L	104	126	126	141	162	143	148	128	147	131	163	159	139
	U	236	279	303	347	386	426	440	402	428	430	436	414	444
Indonesia[e]	L	432	1,034	1,068	1,016	1,086	1,252	1,194	1,373	1,522	1,069	1,315	1,166	1,463
	U	160	350	326	272	354	525	729	438	555	352	234	368	...
Japan[f]	L	165	413	476	624	681	645	644	647	637	723	709	618	717
	U	563	2,607	2,794	3,058	3,870	4,890	5,491	5,214	4,455	3,792	3,961	4,472	4,188
Korea, southern	L	3	12	9	8	11	15	21	14	11	9	10	9	3
	U	3	95	82	171	74	104	125	153	76	87	107	122	84
Malaya, Fed. of	L	...	182	183	226	284	310	429	413	230	134	288	...	...
	U	...	185	193	231	241	235	229	244	227	240	211	...	...
Pakistan	L	...	109	101	124	120	100	78	84	118	88	*83*	...	...
	U	...	293	218	236	335	382	354	422	358	413	*465*	...	...
Philippines	L	...	375	442	483	587	494	515	497	420	328	337	...	...
	U	...	283	251	280	347	297	347	287	279	209	222	...	...
Singapore[g]	L	...	438	450	510	552	554	534	537	600	551	519	...	...
	U	...	732	769	883	921	958	921	954	1,009	1,000	857	...	...
Thailand (Bangkok)	L	...	143	138	161	164	186	191	178	157	191	149	172	156
	U	...	107	108	116	126	138	150	137	132	140	156	113	142
Viet-Nam (Saigon)	L	...	17	37	39	28	42	61	43	27	55	40	...	...
	U	...	106	127	111	108	114	125	126	94	121	134	...	...
Entrances (E) and clearances (C) of vessels with cargo in external trade *(thousand net registered tons)*														
Burma[h]	E	118	104	124	113	112	117	114	107	128	86	195	...	...
	C	157	146	150	159	155	149	177	113	132	130	231	...	...
India	E	646*	750	753	806	829	947	981	995	945	1,021	*1,021*	...	...
	C	567*	885	800	702	737	702	675	666	823	783	*781*	...	...
CIVIL AVIATION[i]														
Passenger-kilometres *(million)*														
Burma		...	4.58	4.55	5.11	4.96	...	...	...	...	...	...	...	...
Ceylon		0.36	1.67	0.77	0.79	2.45	3.28	3.24	3.18	3.90	3.89	3.87	4.26	3.59
China (Taiwan)		...	3.12	3.64	3.85	3.99	4.49	4.49	4.70	4.99	4.34	4.87	4.60	...
India		23.65	32.15	36.70	42.92	56.60	65.13	64.83	62.60	68.77	69.0	70.0	...	...
Indonesia		8.49	14.03	15.01	19.95	22.40	...	...	...	...	14.86	11.96	...	...
Japan		...	11.20	19.47	27.43	37.96	47.37	50.92	51.72	48.14	42.04	...	...	...
Pakistan		...	3.46	4.88	9.21	12.03	17.71	16.39	17.74	20.19	20.34	...	...	...
Philippines		14.57	18.97	10.84	10.08	11.74	13.94	14.52	13.26	14.89	13.49	17.50	14.07	14.57
Thailand		0.93	2.60	3.35	4.14	5.01	6.53	7.10	6.12	7.29	4.77	5.38	3.37	3.74
Freight ton-kilometres *(thousand)*														
Burma		...	127	181	112	94	...	...	...	...	...	...	...	...
Ceylon		2	69	12	14	118	143	134	130	143	91	111	98	105
China (Taiwan)		...	179	199	203	162	165	184	133	179	150	156	142	...
India		475	2,203	2,357	2,879	3,215	3,225	3,092	3,222	3,302	3,417	3,255	...	...
Indonesia		389	620	621	662	729	762	734	785	808	504	329	421	457
Japan		...	55	258	508	762	939	921	859	1,119	967	...	...	...
Pakistan		...	153	147	214	260	357	293	423	441	438	...	...	...
Philippines		540	778	398	347	335	386	373	380	411	313	...	...	...
Thailand		17	140	151	107	112	156	163	156	161	85	102	85	77

a. Railway traffic coverage: *China* (Taiwan), Taiwan Railway Administration: *India* and *Pakistan*, class I railways: *Indonesia*, postwar data relate to Federal area only; *Japan*, State Railways only; *Philippines*, Manila Railroad Company.

b. From August 1954, southern Viet-Nam only.

c. Including service traffic.

d. For 1938-53 port of Colombo only.

e. Beginning 1952 Federal area only.

f. Cargo carried by steel vessels only; excluding military goods.

g. Prior to 1953, excluding oil handled at Pulo Bukom and Pulo Sebarok.

h. Total number of entrances and clearances made during each voyage but excluding sailing vessels. Annual figures relate to 12 months ending September of postwar year stated.

i. Scheduled domestic and international routes.

6. VALUE OF EXPORTS AND IMPORTS AND BALANCE OF TRADE

Monthly averages or calendar months — *Millions*

Year	BRUNEI (*Malayan dollar*)			BURMA (*kyat*)			CAMBODIA[a] (*riel*)			CEYLON (*rupee*)			CHINA (Taiwan) (*NT dollar*)			HONG KONG (*HK dollar*)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
															ICA imports			Exports, domestic
1952	23.0	6.4	+16.6	105	76	+29	33	14	+19	125	142	−17	122	211	64	243	316	...
1953	23.5	9.5	+14.0	94	70	+24	161	124	+37	131	134	− 3	165	230	92	228	323	53
1954	22.8	8.3	+14.5	100	81	+19	183	165	+18	151	116	+35	121	275	125	202	286	57
1955	25.3	8.7	+16.6	90	72	+18	117	139	−22	162	122	+40	160	262	127	212	310	61
1956	27.5	9.5	+18.0	97	78	−19	107	165	−58	144	135	+ 9	244	400	166	268	381	65
1957	28.5	9.0	+19.5	91	117	−26	150	170	−20	140	150	−10	306	438	172	252	429	62
II	28.0	8.8	+19.2	107	123	−16	170	151	+19	124	156	−32	334	415	185	248	435	64
III	30.2	8.7	+21.5	98	128	−30	138	202	−64	143	158	−15	235	466	193	230	401	67
IV	28.4	7.7	+20.7	59	120	−61	129	221	−92	122	134	−12	239	502	192	251	416	65
1958																		
I	26.9	7.4	+19.5	73	104	−31	156	304	−148	143	136	+ 7	451	476	155	231	373	100[b]
II	25.7	7.4	+18.3	*88*	*63*	+25	169	212	− 43	101	109	− 8	273	362	82	237	371	107
Jul	...	...	...	...	...	...	159	235	− 76	205	125	+80	299	336	75	247	362	107
Aug	...	...	...	...	...	...	84	179	− 95	136	171	−35	257	610	217	236	339	94

Year	INDIA (*rupee*)			INDONESIA[c] (*rupiah*)			JAPAN (*1,000 Mn yen*)			KOREA,[e] southern (*1,000 Mn hwan*)			LAOS (*kip*)			MALAYA, Federation of (*Malayan dollar*) Including trade with Singapore		
									Special procurement[d]									
1952	516	674	−158	888	900	− 12	38.2	60.9	9.2	0.16	0.59	−0.43	7	28	− 21	178	138	+ 40
1953	443	481	− 38	798	726	+ 72	38.2	72.3	13.3	0.33	1.86	−1.53	6	32	− 26	133	121	+ 12
1954	469	515	− 46	823	598	+225	48.9	72.0	7.2	0.56	2.32	−1.76	3	47	− 44	135	110	+ 25
1955	504	540	− 36	893	600	+298	60.3	74.1	5.2	0.75	4.02	−3.27	4	55	− 51	198	129	+ 69
1956	511	674	−163	838	813	+ 25	75.0	96.9	5.0	1.06	2.95	−1.90	4	103	− 99	188	146	+ 42
1957	549	803	−254	921	757	+164	85.7	128.5	6.9	0.94	3.16	−2.22	3	122	−119	182	151	+ 31
II	496	874	−378	802	879	− 77	80.5	153.4	8.3	1.00	3.34	−2.34	4	112	−108	174	144	+ 30
III	592	818	−226	1,024	716	+308	92.5	128.6	11.2	1.03	3.22	−2.19	3	105	−102	182	158	+ 24
IV	557	727	−170	889	695	+194	91.6	104.3	3.7	0.82	3.90	−3.08	3	171	−168	178	143	+ 35
1958																		
I	478	676	−198	588	567	+ 21	85.3	96.5	2.4	0.66	3.50	−2.84	5	113	−108	156	145	+ 11
II	382	624	−242	634	460	+174	81.6	93.0	8.8	0.73	3.66	−2.93	5	74	− 69	145	135	+ 10
Jul	543	668	−125	776	552	+224	83.2	91.1	4.6	1.05	3.28	−2.23	...	...	...	162	134	+ 28
Aug	499	559	− 60	783	...	...	81.7	88.2	2.0	0.76	3.24	−2.48	...	...	...	169	134	+ 35

Year	MALAYA, Federation of (*Malayan dollar*) Excluding trade with Singapore			NORTH BORNEO (*Malayan dollar*)			PAKISTAN (*rupee*)			PHILIPPINES[f] (*peso*)			SARAWAK (*Malayan dollar*)			SINGAPORE (*Malayan dollar*) Including trade with Federation		
1952	104	84	+20	5.4	5.9	−0.5	147	174	−27	57.6	70.3	−12.7	36.5	31.9	+ 4.6	276	312	−36
1953	77	75	+ 2	4.7	5.5	−0.8	121	97	+24	66.4	75.4	− 9.0	35.4	32.9	+ 2.5	221	252	−31
1954	78	67	+11	6.4	6.2	+0.2	99	92	+ 7	66.8	79.8	−13.0	35.5	33.2	+ 2.3	224	252	−28
1955	114	80	+34	8.7	7.3	+1.4	125	90	+35	66.8	91.3	−24.5	39.8	36.8	+ 3.0	281	322	−41
1956	119	88	+31	10.1	9.8	+0.3	135	166	−31	75.2	84.4	− 9.2	40.6	38.7	+ 1.9	286	327	−41
1957	116	92	+24	10.0	10.1	−0.1	134	174	−40	71.5	102.6	−31.1	41.6	38.6	+ 3.0	290	338	−48
II	110	88	+22	9.7	9.8	−0.1	98	175	−77	83.3	111.2	−27.9	41.7	37.9	+ 3.8	281	333	−52
III	121	96	+25	10.3	9.8	+0.5	78	160	−82	66.5	105.4	−38.9	*42.4*	*39.4*	*+3.0*	288	349	−61
IV	118	86	+32	10.1	9.2	+0.9	142	178	−36	58.2	99.5	−41.3	*42.4*	*39.4*	+ *3.0*	290	309	−19
1958																		
I	103	87	+16	10.2	9.9	+0.3	171	170	+ 1	69.1	101.3	−32.2	35.7	34.9	+ 0.8	279	334	−55
II	95	80	+15	10.6	10.3	+0.3	...	...	...	82.6	87.6	− 5.0	35.6	34.9	+ 0.7	268	323	−55
Jul	102	82	+20	...	...	...	...	...	...	69.9	84.6	−14.7	41.0[g]	36.7[g]	+ 4.3[g]	249	310	−61
Aug	118	82	+36	...	...	...	...	...	...	92.9	90.8	+ 2.1				252	276	−24

Year	SINGAPORE (*Malayan dollar*) Excluding trade with Federation			THAILAND (*baht*)			VIET-NAM[h] (*piastre*)		
1952	222	239	−17	487	427	+ 60	164	752	−588
1953	175	195	−20	492	514	− 22	157	883	−726
1954	181	194	−13	515	556	− 41	164	946	−782
1955	232	239	− 7	597	600	− 3	201	768	−567
1956	228	258	−30	578	624	− 46	122	614	−492
1957	231	273	−42	630	697	− 67	232	842	−610
II	224	269	−45	615	705	− 90	230	845	−615
III	226	288	−62	591	689	− 98	243	935	−692
IV	232	249	−17	616	682	− 66	267	869	−602
1958									
I	220	282	−62	635	701	− 66	174	629	−455
II	212	272	−60	542	705	−163	184	732	−548
Jul	197	249	−52	519	654	−135	121	617	−496
Aug	201	225	−24	526	585	− 59	124	706	−582

GENERAL NOTES: Special trade system for Cambodia, China: Taiwan, Indonesia, southern Korea, Laos, North Borneo, Sarawak and Viet-Nam; general trade system for other countries. Figures on imports include aid unless otherwise specified.

a. Prior to 1953, excluding trade with Laos and Viet-Nam.

b. From January 1958 onwards, products wholly or principally of Hong Kong origin.

c. From 13 Mar. 1950 to 2 Feb. 1952 inclusive, excluding value of exchange certificates. From 1 Jan. to 3 Feb. 1952, import and export values are based on 3 times the official exchange rate and from 4 Feb. 1952 onwards they are based on official exchange rate of the Bank Indonesia.

d. Not included in trade statistics.

e. For exports: Up to Mar. 1951, valued f.o.b., from Apr. 1951 valuation based on domestic market prices. For imports: excluding Government imports, military supplies and goods imported by various aid agencies; up to Mar. 1951, valued c.i.f.; from Apr. 1951 valuation based on local market prices excluding distributive margins and net of import duties and excise.

f. Imports valued f.o.b.

g. Average of third quarter.

h. Prior to January 1955, excluding trade with Cambodia and Laos but including transit trade of these countries with other countries through Viet-Nam. Beginning June 1955, trade of the Republic of Viet-Nam only.

7. DIRECTION OF INTERNATIONAL TRADE

Quarterly averages or quarters

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	BURMA		CAMBODIA		CEYLON		CHINA (Taiwan)		HONG KONG		INDIA[b]		INDONESIA[c]		JAPAN	
		Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
1.																	
All countries	1948	57.2†	45.0†	...	...	76.4	75.1	...	...	101.1	130.8	342.8‡	507.4‡	98.7	116.2	64.6	170.6
	1953	59.4	44.2	...	...	82.3	84.5	31.9	45.5	120.8	170.6	279.0	300.2	210.0	191.2	318.7	602.4
	1954	62.1	51.1	...	...	95.0	73.4	23.3	52.8	105.9	150.3	295.6	323.8	214.0	157.3	407.3	599.6
	1955	56.7	45.0	10.0	11.9	101.8	76.7	30.8	50.2	111.1	162.8	319.1	353.4	232.8	151.0	502.7	617.9
	1956	60.7	49.4	9.2	14.2	86.8	85.6	29.6	48.4	140.8	199.8	312.8	427.2	220.5	213.3	625.2	807.4
	1957	*55.3*	74.0	12.8	14.6	83.4	94.7	37.1	53.1	149.8	243.0	*344.4*	*522.4*	242.4	*199.3*	714.6	1,071.2
	II	62.2	77.2	14.7	12.9	73.3	98.3	40.4	50.2	144.0	243.2	*315.2*	*564.2*	211.9	230.8	670.8	1,278.6
	III	*62.1*	*80.3*	11.8	17.3	85.8	99.4	28.5	56.5	141.8	231.6	*372.8*	*519.6*	268.7	188.2	773.0	1,071.2
	IV	*37.2*	*77.3*	11.1	19.0	72.1	84.1	28.9	60.8	149.5	235.7	*345.7*	*526.0*	295.8	*182.6*	763.0	869.0
	1958																
	I	*41.2*	*65.7*	13.4	26.0	87.2	86.0	54.6	57.6	139.7	214.5	*301.1*	*425.9*	155.0	148.5	711.1	803.4
	II	...	...	*14.5*	*18.1*	*60.7*	*68.7*	*33.1*	*43.9*	*131.7*	*202.2*	*250.8*	*412.0*	*167.8*	*118.2*	*680.1*	775.8
2.																	
ECAFE countries[a] (including Japan)	1948	50.0†	14.4†	...	...	4.6	26.3	...	...	60.9	53.8	95.2‡	121.5‡	25.0	33.7	26.4	23.0
	1953	45.0	22.9	...	...	16.3	34.8	20.7	17.5	90.0	93.4	53.3	40.4	71.8	78.2	139.1	160.2
	1954	52.1	26.3	...	...	18.6	32.0	18.2	20.7	72.5	76.1	46.6	60.7	85.2	64.6	167.7	139.5
	1955	40.4	21.5	4.3	7.5	13.7	32.7	24.4	18.0	69.0	91.7	58.7	59.6	79.7	47.9	174.3	177.2
	1956	42.8	22.6	3.2	9.1	14.4	35.2	20.4	19.7	93.1	115.6	53.2	62.1	86.0	77.0	217.9	191.2
	1957	38.4	35.2	5.3	8.3	13.0	37.8	25.5	20.6	75.8	120.7	*56.2*	*67.0*	105.5	*70.9*	240.6	202.7
	II	46.0	38.6	6.1	8.3	11.8	38.1	25.4	19.5	77.0	112.0	*61.5*	*67.4*	92.8	70.8	230.7	245.3
	III	*42.6*	*36.5*	5.4	9.5	11.5	37.3	20.0	21.1	61.4	113.3	*54.9*	*63.0*	97.8	63.8	238.4	187.1
	IV	*19.0*	*30.0*	4.7	10.7	10.0	39.6	23.1	21.6	70.6	121.0	*47.7*	*65.0*	155.0	*61.2*	251.2	156.2
	1958																
	I	...	*29.4*	8.3	12.9	7.3	31.7	40.8	24.8	59.7	106.5	*43.6*	*56.6*	65.7	41.7	241.5	151.8
	II	...	...	*11.9*	*10.2*	*4.2*	*23.4*	*24.6*	*24.6*	*61.5*	*109.1*	*43.7*	*77.1*	*78.8*	*48.1*	*215.1*	181.2
3.																	
Japan	1948	0.1†	0.3†	...	...	0.1	1.0	...	...	3.1	5.0	3.4‡	4.8‡	2.4	18.0	—	–
	1953	11.2	7.3	...	...	0.5	3.6	14.5	13.5	9.7	16.8	14.2	6.5	9.4	31.8	—	–
	1954	14.6	11.2	...	...	0.8	4.0	11.9	17.6	5.0	20.3	8.6	8.8	12.5	34.2	—	–
	1955	11.4	9.6	0.1	1.2	0.6	5.2	18.3	15.3	6.4	23.0	13.8	16.9	17.3	21.6	—	–
	1956	9.3	8.2	0.4	2.7	0.7	6.0	11.0	17.6	13.9	35.5	15.7	22.9	19.2	33.4	—	–
	1957	5.4	17.7	0.4	2.4	1.1	6.8	13.1	17.6	10.0	33.4	*15.1*	*28.4*	10.0	*30.1*	—	–
	II	5.4	19.0	0.8	1.2	1.0	6.4	12.9	16.5	12.9	30.9	*20.8*	*32.0*	13.0	27.8	—	–
	III	*5.6*	*15.4*	0.1	1.8	1.2	6.0	3.9	18.5	6.3	28.5	*10.0*	*25.6*	6.5	28.1	—	–
	IV	*1.2*	*15.3*	0.3	5.6	1.1	6.6	17.9	17.8	3.9	38.5	*10.7*	*26.1*	6.6	*27.1*	—	–
	1958																
	I	...	*17.2*	—	5.0	1.8	9.5	29.8	22.4	4.9	29.3	*11.2*	*21.1*	5.1	15.4	—	–
	II	...	...	*0.3*	*3.3*	*1.0*	*5.0*	*15.9*	*22.5*	*4.9*	*24.6*	*16.7*	*22.0*	*7.4*	*21.2*	—	–
4.																	
Western Europe (including UK)	1948	5.8†	23.9†	...	...	30.7	16.4	...	...	8.9	32.6	106.8‡	159.5‡	43.6	41.7	6.8	4.9
	1953	6.4	16.9	...	...	30.4	27.3	3.9	6.3	10.5	50.9	102.7	127.8	74.2	65.2	28.9	50.8
	1954	5.4	20.2	...	...	34.8	24.2	1.4	4.5	10.6	42.4	122.2	144.2	71.6	52.0	36.9	49.2
	1955	8.7	18.7	2.9	3.7	38.8	26.2	1.7	3.5	15.9	41.6	126.4	158.0	77.7	58.8	48.0	49.6
	1956	7.4	18.8	3.1	3.0	34.4	28.0	1.8	4.5	18.6	46.9	130.4	218.1	80.8	75.3	63.2	57.8
	1957	4.8	27.0	2.6	4.4	30.5	29.2	1.3	4.9	20.7	61.2	*121.4*	*256.0*	78.0	*73.0*	79.3	96.5
	II	4.3	24.8	3.3	2.9	25.9	32.1	1.1	4.0	20.0	66.3	*98.5*	*275.5*	69.7	83.5	72.1	121.5
	III	*7.0*	*30.5*	2.2	5.8	29.7	28.6	2.2	4.4	20.4	57.9	*126.4*	*256.9*	93.5	71.4	96.7	99.5
	IV	*2.5*	*30.6*	1.3	5.4	27.3	24.5	1.3	7.9	21.7	56.5	*125.9*	*251.8*	74.0	*70.0*	80.1	66.4
	1958																
	I	...	*22.6*	1.7	10.7	35.7	29.9	0.7	4.9	23.2	47.1	*105.4*	*202.4*	39.8	62.4	77.4	63.9
	II	...	...	*4.2*	*6.3*	*32.9*	*26.1*	*1.9*	*4.4*	*23.3*	*45.8*	*88.9*	*164.8*	*41.8*	*33.6*	*59.7*	71.1
5.																	
United Kingdom	1948	5.1†	21.1†	...	...	22.9	13.2	...	...	4.9	19.0	74.2‡	115.6‡	2.0	10.8	4.2	1.3
	1953	4.4	11.8	...	...	20.4	19.0	2.1	2.0	5.2	20.8	78.5	74.2	4.4	13.5	8.3	12.2
	1954	3.9	12.5	...	...	26.4	15.4	0.7	1.3	7.1	16.2	93.1	79.2	9.8	8.5	12.8	9.3
	1955	4.8	11.5	0.2	0.1	26.5	16.2	0.9	0.6	11.0	19.3	88.3	84.8	23.1	8.7	15.2	9.5
	1956	4.4	10.4	0.1	0.2	26.2	18.1	0.7	0.8	13.0	22.4	96.7	109.1	19.6	12.9	15.8	16.6
	1957	3.2	15.7	—	0.2	24.0	19.4	0.3	0.8	14.7	29.2	*86.0*	*121.4*	17.6	*11.4*	18.4	24.6
	II	2.2	13.7	—	0.1	21.6	19.6	0.4	1.0	13.5	29.5	*63.1*	*133.4*	13.5	11.9	17.4	32.4
	III	*5.2*	*18.1*	0.1	0.2	22.9	19.0	0.5	0.9	14.8	30.2	*93.2*	*118.4*	25.9	12.7	24.0	25.8
	IV	*1.8*	*16.4*	—	0.2	20.4	17.5	0.2	0.8	16.0	27.7	*92.2*	*112.0*	21.0	*9.7*	20.0	12.9
	1958																
	I	...	*10.6*	—	0.6	28.2	20.8	0.1	0.9	16.8	24.3	*75.7*	*97.3*	16.4	8.7	14.9	13.8
	II	...	...	*0.1*	*0.2*	*28.1*	*18.6*	*0.2*	*0.7*	*16.7*	*22.0*	*63.0*	*73.2*	*21.6*	*5.5*	*18.2*	13.3
6.																	
Eastern Europe	1948	—	0.1†	...	...	0.5	0.2	...	...	1.0	0.8	6.4‡	5.3‡	0.4	1.1	1.1	0.6
	1953	—	0.2	...	...	0.2	0.6	—	—	—	1.0	1.8	2.0	1.1	1.4	1.0	1.4
	1954	0.2	0.6	...	...	0.1	0.6	—	—	—	1.0	2.8	4.0	1.8	3.3	1.3	1.1
	1955	5.6	0.5	—	—	0.1	0.8	—	—	—	0.8	2.4	5.5	7.0	8.3	4.8	1.1
	1956	5.7	4.0	—	—	—	—	—	—	—	0.8	9.3	15.4	3.1	3.3	1.0	1.2
	1957	4.4	5.4	—	—	0.3	0.5	—	—	—	0.6	*13.6*	*21.4*	2.2	*2.3*	3.9	4.6
	II	7.3	6.8	—	—	0.8	0.7	—	—	—	0.6	*11.4*	*27.0*	1.6	3.7	1.5	4.5
	III	*5.7*	*6.0*	—	—	0.1	0.5	—	—	—	*0.6*	*15.6*	*16.4*	2.0	1.7	3.2	8.7
	IV	*1.9*	*4.8*	—	—	0.3	0.3	—	—	—	0.5	*14.7*	*18.2*	4.1	*2.0*	9.8	4.1
	1958																
	I	...	*4.9*	—	—	0.5	0.4	—	—	—	0.5	9.8	23.7	4.8	1.8	4.6	1.9
	II	...	...	*0.2*	—	*0.3*	*0.3*	—	—	—	*0.4*	*14.3*	*15.2*	*3.4*	*0.8*	*7.1*	2.9

7. DIRECTION OF INTERNATIONAL TRADE *(Cont'd)*

Quarterly averages or quarters

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	BURMA		CAMBODIA		CEYLON		CHINA (Taiwan)		HONG KONG		INDIA[b]		INDONESIA[c]		JAPAN	
		Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
7. North America	1948	0.6†	1.7†	...	...	16.0	6.4	...	...	11.1	26.7	60.9‡	89.4‡	17.8	28.4	16.9	112.4
	1953	1.1	1.8	...	...	10.8	3.6	1.4	19.4	4.3	12.5	58.6	57.0	48.4	35.1	65.2	242.4
	1954	0.3	2.1	...	...	10.2	2.6	1.3	25.3	5.0	14.8	54.2	44.2	36.6	23.0	83.2	266.0
	1955	0.3	1.4	2.6	0.6	14.4	3.2	1.4	24.6	6.4	16.3	57.0	50.7	42.2	24.2	127.4	241.7
	1956	0.4	1.4	2.4	1.5	12.6	3.0	1.7	20.6	7.8	20.6	54.3	53.3	35.9	35.6	157.0	334.9
	1957	0.6	3.0	2.5	0.8	12.3	4.4	1.4	21.6	12.0	25.8	*74.1*	*90.0*	37.4	*33.7*	169.5	469.2
	II	0.9	3.1	2.6	0.6	10.6	4.6	1.0	24.1	11.6	33.8	*73.9*	*82.6*	28.0	43.3	158.2	548.1
	III	*0.7*	2.5	2.1	0.5	12.5	7.4	1.5	24.3	12.7	23.5	*85.3*	*96.3*	55.7	34.6	193.4	468.7
	IV	*0.2*	*2.7*	3.6	1.1	11.1	2.2	1.8	22.9	13.9	22.0	*75.5*	*99.5*	41.2	*27.0*	187.7	379.8
	1958																
	I	...	*2.6*	*1.2*	*2.4*	12.0	3.1	1.2	22.0	15.7	21.1	*76.9*	*71.7*	34.6	24.5	178.3	380.2
	II	...	...	3.0	1.5	*6.5*	*3.4*	*2.2*	*12.2*	*14.5*	*25.5*	*49.5*	*64.6*	*25.8*	*20.1*	*196.5*	*336.4*
8. United States of America	1948	0.6†	1.6†	...	...	12.6	5.7	...	...	10.6	24.4	54.3‡	82.2‡	17.2	26.9	16.4	110.4
	1953	1.1	1.8	...	...	6.4	2.7	1.4	19.4	3.3	9.9	51.2	47.2	43.0	34.8	58.5	189.4
	1954	0.3	2.1	...	...	6.2	1.9	1.3	25.3	4.1	12.4	46.2	38.8	35.9	22.7	70.7	212.3
	1955	0.3	1.3	2.6	0.6	9.3	2.4	1.4	24.6	5.2	14.3	48.7	46.6	40.9	23.9	114.3	193.5
	1956	0.4	1.4	2.4	1.5	7.4	2.1	1.7	20.4	6.5	13.6	46.0	49.5	35.3	35.3	137.9	266.8
	1957	0.6	2.9	2.5	0.8	7.7	3.6	1.3	21.2	10.0	23.6	*66.6*	*83.1*	36.9	*33.3*	151.6	406.6
	II	0.9	3.1	2.6	0.6	7.2	3.0	1.0	23.7	9.6	31.2	*67.6*	*76.5*	27.7	43.1	140.9	496.0
	III	*0.6*	2.4	2.1	0.5	7.4	6.5	1.5	23.6	10.5	21.5	*76.4*	*88.3*	54.7	34.1	175.0	399.4
	IV	*0.3*	*2.7*	3.6	1.1	6.5	1.9	1.7	22.3	12.2	20.3	*69.0*	*94.7*	40.9	*26.5*	168.1	311.0
	1958																
	I	...	*2.6*	1.2	2.4	7.5	2.6	1.2	21.4	13.6	18.8	*65.9*	*64.3*	33.8	24.3	141.7	310.0
	II	...	...	*3.0*	*1.5*	*4.2*	*3.3*	*2.1*	*11.9*	*12.4*	*23.5*	*42.9*	*59.6*	*25.5*	*19.9*	*154.3*	*264.5*
9. Latin American Republics	1948	0.2†	—	...	...	1.2	1.2	...	...	0.1	—	24.0‡	12.6‡	0.1	0.7	0.4	20.9
	1953	—	—	...	...	0.4	—	0.4	0.1	—	0.4	16.1	1.5	0.4	0.2	26.1	66.2
	1954	—	—	...	...	0.2	—	0.3	0.2	—	5.0	12.2	4.8	1.4	—	50.3	77.2
	1955	—	0.2	—	0.1	0.5	2.4	0.1	0.1	—	1.0	11.8	3.6	6.6	0.1	44.8	60.7
	1956	—	—	—	0.1	0.4	—	0.1	—	0.1	2.5	8.6	1.3	0.6	2.1	41.0	87.3
	1957	—	—	—	—	0.4	—	0.1	0.1	1.1	1.1	*12.5*	*1.4*	0.8	*0.1*	37.3	77.1
	II	—	—	—	—	0.3	—	0.1	—	1.6	0.9	*8.2*	*1.5*	0.3	—	30.3	70.8
	III	—	—	—	—	0.6	—	0.2	0.2	1.4	1.6	*22.3*	*0.6*	1.2	—	40.5	98.2
	IV	—	—	—	—	0.5	—	0.1	—	1.3	0.6	*13.1*	*0.7*	0.6	*0.4*	41.8	75.4
	1958																
	I	—	—	—	—	0.6	—	0.1	0.1	1.0	1.1	*5.3*	*0.6*	0.9	—	47.8	58.4
	II	...	...	—	—	*0.4*	—	*0.2*	—	*1.2*	*0.3*	*7.4*	*0.3*	*0.3*	—	*45.8*	*65.0*
10. Oceania	1948	—	1.4†	...	...	8.3	10.8	...	...	1.7	4.2	18.0‡	20.9‡	1.2	8.5	1.1	2.1
	1953	—	1.1	...	...	8.7	9.2	0.2	0.6	2.1	2.5	10.2	14.5	6.0	4.4	3.6	50.2
	1954	—	1.0	...	...	11.2	5.6	0.1	0.6	3.0	2.8	14.6	8.7	8.6	3.2	8.8	34.0
	1955	—	1.3	—	—	10.2	4.6	—	0.2	3.6	3.7	16.7	11.2	6.2	3.1	17.2	50.8
	1956	—	1.6	—	—	7.2	5.0	—	0.5	3.8	4.8	14.8	7.3	9.4	4.6	10.9	71.6
	1957	—	1.7	—	—	6.9	5.7	—	0.3	4.5	5.2	*17.3*	*9.4*	12.1	*4.6*	14.6	109.4
	II	—	*3.2*	—	—	6.3	5.3	—	0.1	4.0	5.2	*15.4*	*11.2*	12.6	5.3	11.4	140.2
	III	—	*1.4*	—	—	7.0	6.0	0.1	0.5	5.4	5.3	*20.5*	*8.0*	12.6	4.5	16.4	100.6
	IV	—	*1.3*	—	—	5.3	3.9	—	0.4	5.3	3.9	*16.7*	*8.6*	11.6	*3.2*	21.9	90.7
	1958																
	I	—	*1.5*	—	—	8.4	2.6	—	0.5	4.5	5.3	*14.8*	*7.7*	7.7	4.1	15.3	68.4
	II	...	...	—	*0.1*	*5.0*	*3.1*	*0.1*	*0.6*	*7.1*	*3.8*	*6.7*	*10.7*	*13.5*	*1.0*	*51.8*	*56.5*
11. Sterling area	1948	49.5†	36.5†	...	...	41.1	53.8	...	...	27.0	36.3	191.6‡	264.4‡	24.4	29.7	17.4	15.3
	1953	34.0	28.2	...	...	39.1	53.5	8.3	6.4	32.2	45.4	146.9	145.1	67.8	63.0	79.0	150.6
	1954	38.8	28.1	...	...	52.6	42.6	5.7	4.3	36.2	36.6	167.7	162.5	84.3	45.2	122.8	108.4
	1955	27.4	23.4	1.6	2.8	54.5	45.3	5.0	2.5	42.5	42.4	164.9	162.3	84.4	41.1	160.2	147.2
	1956	28.9	19.6	2.2	4.4	43.9	46.5	8.3	3.1	46.1	48.0	164.1	172.4	84.1	61.0	171.2	204.4
	1957	32.7	31.9	4.1	4.8	40.8	51.8	11.7	8.4	48.6	55.6	*156.8*	*193.0*	108.2	*57.2*	201.7	280.4
	II	30.3	31.9	4.9	6.2	37.0	50.2	13.5	5.7	45.3	54.6	*135.7*	*208.5*	85.2	69.3	183.8	342.4
	III	*33.4*	*35.5*	4.4	6.0	42.1	53.7	12.5	7.6	47.8	54.8	*171.8*	*177.1*	116.5	53.5	208.1	274.1
	IV	*36.1*	*33.0*	3.5	4.3	33.5	47.8	2.7	12.2	52.3	54.2	*144.8*	*200.4*	161.0	*52.3*	227.1	223.1
	1958																
	I	...	*23.1*	7.7	6.1	45.7	43.2	10.3	8.0	50.5	46.9	*136.3*	*156.1*	77.4	34.0	182.6	187.3
	II	...	...	*5.1*	*4.6*	*37.1*	*38.5*	*7.5*	*4.6*	*48.6*	*42.1*	*107.2*	*111.2*	*89.4*	*24.2*	*178.5*	*165.2*
12. ECAFE sterling countries[a]	1948	43.9†	13.8†	...	...	4.4	24.2	...	...	17.2	10.5	81.6‡	100.2‡	20.9	9.5	8.8	10.9
	1953	26.1	14.9	...	...	3.1	19.6	5.5	3.7	20.1	18.5	32.4	32.5	56.0	39.6	47.8	82.1
	1954	31.9	14.4	...	...	6.0	18.5	4.8	2.4	19.4	14.3	31.2	49.1	65.3	23.6	72.0	60.2
	1955	21.4	10.6	1.4	2.7	6.4	22.1	3.7	1.6	20.6	16.2	31.8	40.0	54.5	21.4	87.3	74.6
	1956	22.7	7.6	2.1	4.2	4.1	20.8	6.7	1.8	21.6	16.7	28.1	31.2	55.6	29.2	99.2	92.2
	1957	26.0	13.7	4.1	4.6	3.1	23.6	7.8	2.2	21.7	15.4	*30.3*	*31.6*	78.1	*26.7*	111.0	105.2
	II	26.9	15.0	4.8	6.1	2.8	22.9	10.0	2.1	20.2	15.8	*30.0*	*30.0*	58.6	30.4	102.2	118.6
	III	*25.7*	*15.7*	4.4	5.8	3.8	23.9	8.4	1.6	19.5	14.5	*32.4*	*30.2*	77.8	25.0	103.5	110.8
	IV	*26.2*	*11.2*	3.5	4.1	2.9	24.8	2.5	3.1	23.3	13.4	*26.0*	*30.4*	127.5	*19.7*	118.5	77.8
	1958																
	I	...	*9.5*	7.7	5.5	1.9	14.8	7.5	1.8	22.4	9.5	*25.4*	*28.7*	52.9	10.6	107.3	62.4
	II	...	...	*11.9*	*10.2*	*0.9*	*14.6*	*5.9*	*1.5*	*20.5*	*11.9*	*20.7*	*49.2*	*54.2*	*11.6*	*87.9*	*84.5*

GENERAL NOTES: (1) As complete breakdowns are not given, the sum of total trade of any individual country with different regions does not add up to the total given under trade with "all countries".

(2) See general note to table 6.

(3) Trade between the Federation of Malaya and Singapore is excluded.

a. ECAFE countries comprise:
i) Sterling countries—Burma, Ceylon, Hong Kong, India, the Federation of Malaya, Singapore, British Borneo and Pakistan.
ii) Non-sterling countries—Afghanistan, Cambodia, China, Indonesia, Japan, Korea, Laos, Philippines, Thailand and Viet-Nam.

b. For 1948, including transit trade but excluding overland trade with Burma, Iran and Afghanistan.

7. DIRECTION OF INTERNATIONAL TRADE *(Cont'd)*

Quarterly averages or quarters

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	KOREA, southern		LAOS		MALAYA, Federation of		PAKISTAN		PHILIPPINES		SINGAPORE		THAILAND[d]		VIET-NAM[f]	
		Exp.	Imp.[d]	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.[e]	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
1.																	
All countries	1948	...	...	...	..	72.5	57.7	154.6‡	101.4‡	79.4	146.5	130.8	152.9	51.4	30.0	...	..
	1953	9.9	66.9	...	...	75.2	73.1	109.7	87.5	101.0	114.2	171.3	191.4	87.1	75.8	...	..
	1954	6.1	55.1	...	...	76.2	66.1	89.7	81.2	101.3	120.7	177.8	190.3	72.6	67.2	...	..
	1955	4.5	63.6	0.5	4.7	112.3	78.1	100.2	72.3	100.2	136.9	227.2	234.0	90.7	74.7	17.2	65.8
	1956	6.2	88.1	0.6	8.8	117.0	186.2	85.0	88.6	112.8	126.6	223.2	253.1	83.8	91.4	10.5	52.7
	1957	5.6	110.2	*0.4*	*10.4*	114.2	90.0	84.2	110.0	107.3	153.9	226.5	267.7	91.4	102.4	19.9	72.1
	II	6.0	153.3	0.3	9.7	107.7	85.9	61.8	93.9	124.9	166.9	219.4	263.8	88.3	103.4	19.7	72.3
	III	6.4	127.1	*0.5*	*9.0*	119.2	93.8	48.3	132.7	99.8	158.1	221.9	282.5	85.8	100.9	20.8	80.1
	IV	3.5	86.9	*0.4*	*14.7*	115.9	83.8	89.3	112.6	87.4	149.3	226.9	244.0	88.9	99.3	23.0	74.5
	1958																
	I	*3.3*	*106.7*	*0.4*	*9.7*	101.5	85.1	*107.8*	*107.8*	103.6	151.9	216.0	276.2	*91.3*	*101.9*	*14.9*	53.2
	II	...	...	*0.5*	*6.4*	*93.0*	*78.2*	*52.1*	*112.1*	*123.9*	*131.4*	*208.0*	*266.8*	*78.3*	*101.8*	*15.8*	62.5
2.																	
ECAFE countries[a] (including Japan)	1948	...	...	...	...	9.4	26.2	99.6‡	56.7‡	7.2	14.9	47.3	74.0	33.4	19.1	...	..
	1953	2.2	30.8	...	...	13.5	35.2	36.9	11.9	13.4	11.7	63.9	118.1	63.5	35.0	...	..
	1954	2.5	27.2	...	...	13.9	31.9	26.4	15.4	14.4	17.6	59.5	115.6	50.2	32.3	...	..
	1955	2.3	20.8	0.5	2.9	16.0	38.6	36.7	15.7	16.8	25.5	70.6	151.5	53.8	36.2	5.6	17.4
	1956	2.6	4.9	0.6	5.5	20.6	40.5	29.7	11.1	22.8	26.2	82.0	159.1	51.4	45.8	1.2	18.7
	1957	3.8	5.5	*0.3*	*6.0*	28.1	43.3	26.8	21.8	22.7	35.8	92.7	165.7	58.5	48.0	3.9	24.0
	II	3.9	6.9	0.3	4.7	29.3	39.1	24.4	16.4	29.9	38.6	89.5	159.8	59.4	45.8	4.8	26.2
	III	4.4	6.0	*0.5*	*4.1*	29.8	48.8	17.0	31.3	21.8	36.9	89.5	178.3	58.8	44.4	5.0	27.7
	IV	2.6	5.7	*0.2*	*9.8*	27.4	40.6	25.0	24.5	16.9	38.4	94.4	149.7	55.5	50.9	4.6	21.8
	1958																
	I	...	...	*0.3*	*5.4*	19.9	40.8	*15.3*	*20.5*	19.5	43.9	102.4	180.6	*57.6*	*51.4*	5.0	18.4
	II	...	...	*0.4*	*4.0*	*25.9*	*37.3*	*15.4*	*17.5*	*24.2*	*32.9*	*99.7*	*167.4*	*48.9*	*52.4*	*6.3*	*21.0*
3.																	
Japan	1948	...	...	...	...	1.1	—	0.9‡	0.7‡	3.9	0.5	1.2	1.5	—	1.3	...	...
	1953	1.5	26.7	...	...	5.0	1.9	21.4	4.5	12.0	5.1	7.9	8.6	21.2	13.1	...	...
	1954	1.8	17.2	...	...	5.3	2.2	7.8	8.7	12.6	7.3	8.2	9.8	17.3	16.3	...	..
	1955	1.8	9.9	—	0.4	7.3	3.6	11.6	10.2	15.2	10.8	16.2	15.9	15.8	15.8	0.4	6.8
	1956	2.0	2.3	—	1.4	9.8	3.8	10.6	5.2	20.1	12.8	17.6	17.2	7.8	15.2	0.1	13.3
	1957	2.7	2.9	—	*2.3*	14.4	3.6	11.0	4.0	19.5	18.6	19.9	18.4	7.2	21.1	1.0	15.4
	II	3.4	3.1	—	2.0	18.5	3.2	6.7	3.0	24.4	21.2	20.6	18.7	13.8	21.8	2.3	16.7
	III	3.0	2.6	—	*1.5*	16.9	3.6	4.8	5.2	19.6	21.7	20.9	16.9	3.3	17.9	1.3	18.8
	IV	1.8	3.5	—	*3.4*	11.4	3.7	10.0	3.4	15.4	17.6	15.2	18.1	4.9	20.2	0.3	11.8
	1958																
	I	...	...	—	*2.0*	7.8	3.5	*7.0*	*6.9*	17.1	23.7	16.9	24.2	*3.9*	*26.6*	0.2	12.0
	II	...	...	—	*0.6*	*13.2*	*3.3*	*8.0*	*6.3*	*21.7*	*16.6*	*13.5*	*27.7*	*6.9*	*23.2*	*0.1*	*13.0*
4.																	
Western Europe (including UK)	1948	...	...	...	...	24.2	18.2	33.4‡	26.6‡	13.2	4.8	34.3	38.5	3.6	5.5	...	...
	1953	0.1	4.2	...	...	36.8	28.3	53.6	25.4	13.8	5.8	44.4	44.3	3.3	24.7	...	...
	1954	0.1	4.4	...	...	37.2	27.2	43.4	39.2	20.2	10.7	52.2	45.1	6.4	22.6	...	...
	1955	0.3	7.9	—	1.5	58.3	31.4	42.1	31.2	18.1	12.4	78.3	50.8	7.5	24.4	5.9	35.2
	1956	0.9	3.7	—	2.4	54.8	36.4	38.9	29.5	23.5	16.2	73.5	55.9	8.1	28.4	7.2	17.5
	1957	0.7	2.0	*0.1*	*2.8*	50.0	36.5	37.8	42.7	22.8	23.0	62.1	60.4	8.3	34.0	10.5	30.5
	II	0.7	2.3	—	3.1	40.5	36.6	21.3	42.4	25.3	24.4	55.5	64.0	7.4	37.9	6.0	27.2
	III	0.7	1.8	*0.5*	*3.0*	44.5	35.6	17.4	40.3	25.1	24.8	67.2	60.4	6.8	32.6	8.7	36.3
	IV	0.5	2.7	*0.1*	*3.0*	61.9	32.8	44.6	46.7	18.1	23.3	61.2	52.8	6.4	30.0	16.5	37.4
	1958																
	I	...	...	*0.1*	*2.8*	55.1	33.3	*63.3*	*46.0*	20.2	20.0	57.4	55.6	*12.5*	*28.0*	9.1	23.0
	II	...	...	—	*1.9*	*39.2*	*32.6*	*24.7*	*33.5*	*15.3*	*19.3*	*53.6*	*53.5*	*11.4*	*27.2*	*5.7*	*23.3*
5.																	
United Kingdom	1948	...	...	...	...	12.2	15.7	13.4‡	20.4‡	0.8	1.3	16.1	24.9	1.2	2.8	...	...
	1953	0.1	0.6	...	...	18.5	23.1	21.1	14.4	1.3	1.1	21.1	31.0	0.6	10.0	...	...
	1954	0.1	1.5	...	...	14.9	21.3	17.4	23.2	1.2	2.3	22.1	27.8	1.8	8.1	...	...
	1955	—	1.2	—	0.1	26.5	24.1	15.2	17.6	1.4	3.2	35.8	32.3	1.8	8.6	0.4	1.1
	1956	0.2	0.6	—	0.3	23.2	27.2	13.6	14.4	1.7	3.8	33.0	34.7	2.6	10.6	0.1	0.9
	1957	0.2	0.3	—	*0.5*	24.6	26.8	13.4	21.0	1.8	5.8	25.1	36.6	*2.8*	*11.6*	—	1.6
	II	0.1	0.3	—	0.9	17.7	26.0	5.9	20.8	1.7	6.5	23.6	38.2	2.5	11.2	0.1	1.1
	III	0.2	0.3	—	*0.6*	20.6	27.2	6.2	19.7	1.8	7.5	23.5	36.4	2.6	11.8	—	1.6
	IV	0.1	0.4	—	*0.4*	38.8	25.6	16.4	21.7	1.5	5.5	26.7	32.6	2.0	10.6	—	2.5
	1958																
	I	...	...	—	*0.5*	31.4	25.3	*25.0*	*23.3*	1.5	6.2	21.9	34.6	*5.8*	*10.8*	0.1	1.5
	II	...	...	—	*0.2*	*19.3*	*25.7*	*6.6*	*16.1*	*1.4*	*5.5*	*22.0*	*33.4*	*4.3*	*11.2*	—	2.0
6.																	
Eastern Europe	1948	...	...	...	...	6.1	0.9	6.2‡	1.1‡	2.0	0.1	8.5	0.7	—	0.3	—	...
	1953	—	—	...	...	1.5	0.2	3.2	0.4	—	—	2.8	1.4	—	0.1	...	...
	1954	—	—	...	...	1.9	0.2	2.0	0.7	—	0.1	2.1	0.9	—	—	...	...
	1955	—	—	—	—	2.1	0.2	1.8	0.4	—	—	2.7	0.8	0.1	0.1	—	—
	1956	—	—	—	—	4.7	0.3	1.4	0.5	—	—	6.3	1.0	—	0.5	—	0.1
	1957	—	—	—	—	3.4	0.4	2.9	1.0	—	—	8.3	1.1	...	0.8	—	—
	II	—	—	—	—	4.3	0.4	1.3	1.0	—	—	11.0	1.3	—	0.8	—	—
	III	—	—	—	—	2.6	0.1	1.8	0.9	—	—	6.0	1.2	—	0.9	—	—
	IV	—	—	—	—	1.5	0.3	4.7	1.6	—	—	8.7	0.7	—	0.7	—	—
	1958																
	I	—	—	—	—	3.5	0.1	5.5	2.5	—	—	5.1	0.7	—	*0.6*	—	—
	II	...	...	...	...	*6.6*	*0.4*	*1.5*	*2.9*	...	...	*8.0*	*1.3*	—	*0.4*	—	—

7. DIRECTION OF INTERNATIONAL TRADE *(Cont'd)*

Quarterly averages or quarters

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	KOREA, southern		LAOS		MALAYA, Federation of		PAKISTAN		PHILIPPINES		SINGAPORE		THAILAND[d]		VIET-NAM[f]	
		Exp.	Imp.[d]	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.[e]	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
7. North America	1948	...	...	—	...	30.9	4.8	12.4‡	6.6‡	53.8	120.2	29.1	23.6	13.1	4.2	...	...
	1953	7.6	27.8	...	...	21.0	2.2	7.4	4.2	69.6	90.6	24.1	10.3	17.7	14.6	...	...
	1954	3.5	22.6	...	...	18.7	1.5	6.1	6.2	62.4	85.4	25.3	11.9	13.8	11.1	...	...
	1955	1.8	33.6	—	0.3	29.7	1.7	7.9	8.6	60.3	93.6	37.9	11.8	26.5	13.1	4.0	8.0
	1956	2.7	73.4	—	0.8	31.7	2.1	8.2	6.7	59.5	79.2	28.0	15.1	21.0	14.6	2.0	15.0
	1957	1.0	98.5	—	*1.5*	26.2	2.5	9.6	33.2	56.7	88.5	27.0	12.6	18.2	17.5	2.8	16.5
	II	1.2	145.0	—	1.8	26.7	2.4	8.8	27.4	64.9	96.3	26.4	12.1	15.3	16.8	3.3	17.8
	III	1.0	115.6	—	*1.3*	35.0	2.6	7.5	42.9	45.7	88.6	23.9	13.5	15.1	20.8	3.8	15.7
	IV	0.7	74.1	—	*1.8*	19.0	2.6	8.0	27.4	47.5	82.9	26.6	11.5	20.3	15.6	0.8	13.5
	1958																
	I	...	...	—	*1.3*	17.6	2.3	*15.0*	*31.1*	61.3	80.6	17.0	12.6	*13.2*	*18.8*	0.2	11.1
	II	...	...	*0.1*	*0.5*	*15.5*	*1.9*	*4.7*	*55.1*	*79.1*	*73.1*	*17.8*	*11.5*	*12.7*	*18.3*	*0.2*	*15.0*
8. United States of America	1948	...	...	...	...	27.1	3.1	12.0‡	6.0‡	52.4	117.7	26.7	21.5	13.1	4.1	...	...
	1953	7.6	24.0	...	...	19.0	2.0	7.2	4.1	69.0	87.8	20.2	9.5	17.5	14.2	...	...
	1954	3.5	21.8	...	...	16.4	1.3	6.0	5.2	61.6	81.6	21.2	10.9	13.6	10.6	...	...
	1955	1.8	31.7	—	0.3	26.7	1.5	7.7	8.0	60.0	89.0	32.4	10.7	26.2	12.5	4.0	7.9
	1956	2.7	73.0	—	0.8	28.2	1.8	7.8	6.5	59.1	75.1	23.2	13.5	20.8	14.2	2.0	14.9
	1957	1.0	98.4	...	1.5	23.1	2.2	9.6	30.1	56.2	84.3	22.4	11.4	18.1	16.9	2.8	16.4
	II	1.2	144.9	—	1.7	23.9	2.1	8.7	26.5	64.3	92.4	22.4	10.8	15.2	16.3	3.2	17.7
	III	1.0	115.6	—	*1.3*	31.0	2.3	7.4	44.9	45.4	84.9	19.4	12.0	15.0	20.2	3.7	15.5
	IV	0.7	73.9	—	*1.8*	16.3	2.3	8.0	23.2	47.1	78.3	22.3	10.6	20.3	15.1	0.8	13.3
	1958																
	I	...	...	—	*1.3*	15.5	2.0	*14.9*	*29.8*	60.7	78.3	13.6	11.0	*13.2*	*18.8*	0.2	11.1
	II	...	...	*0.1*	*0.5*	*12.5*	*1.6*	*4.5*	*49.9*	*78.8*	*70.3*	*14.6*	*10.6*	*12.7*	*17.4*	*0.2*	*15.0*
9. Latin American Republics	1948	...	...	...	...	0.8	0.4	1.8‡	0.2‡	1.3	3.6	0.9	0.8	0.2	—	...	...
	1953	—	0.5	...	...	1.4	—	0.5	—	2.8	0.2	3.7	0.1	—	—	...	...
	1954	—	0.3	...	...	1.8	—	0.9	—	3.0	0.7	4.9	0.2	—	—	...	...
	1955	—	0.8	—	—	2.6	—	1.6	—	3.6	0.7	8.1	0.2	0.2	—	—	—
	1956	—	0.2	—	—	1.7	0.1	0.9	—	3.7	1.2	4.9	0.4	0.2	—	—	0.4
	1957	—	—	—	—	3.4	0.1	1.2	2.8	3.6	0.9	9.2	0.4	0.2	0.1	0.1	0.2
	II	—	—	—	—	3.5	0.1	0.6	1.4	3.0	1.1	10.6	0.1	0.3	—	0.1	0.3
	III	—	—	—	—	4.2	—	0.6	5.9	5.8	1.0	13.2	0.9	0.2	0.3	0.1	0.1
	IV	—	—	—	—	3.2	0.3	1.6	1.9	3.8	0.8	6.8	0.2	0.1	—	—	0.2
	1958																
	I	—	—	—	—	2.3	0.1	*0.8*	*1.5*	2.4	1.7	8.0	0.4	—	—	—	—
	II	...	...	—	—	*2.1*	—	*0.3*	*0.3*	*4.0*	*0.9*	*7.6*	*4.3*	—	—	—	*1.0*
10. Oceania	1948	...	...	...	...	0.6	3.6	0.5‡	0.3‡	0.2	1.8	6.8	7.5	—	—	...	...
	1953	—	3.4	...	...	0.8	6.6	1.4	0.5	0.2	0.3	15.5	7.4	—	1.0	...	...
	1954	—	0.6	...	...	1.5	4.3	1.6	0.5	0.2	0.8	15.3	7.2	—	0.6	...	...
	1955	—	0.5	—	—	1.9	4.5	1.4	0.6	0.3	1.3	17.4	7.8	0.1	0.8	—	0.2
	1956	—	0.1	—	—	1.6	4.9	0.6	0.6	0.3	1.4	19.8	9.1	0.1	0.9	—	0.1
	1957	—	—	—	—	1.5	5.4	0.5	4.6	0.2	2.7	16.1	10.2	0.2	1.1	—	0.1
	II	—	—	—	—	1.6	5.3	0.3	1.0	—	3.7	17.4	10.1	0.2	1.1	0.1	0.1
	III	—	0.1	—	—	1.7	4.1	0.2	5.5	0.2	2.7	15.1	10.6	0.3	1.2	—	0.2
	IV	—	—	—	—	1.5	5.8	0.7	9.1	0.1	2.1	14.4	9.7	—	1.0	—	0.2
	1958																
	I	—	—	—	—	1.7	5.5	*0.3*	*1.5*	0.2	3.9	12.5	11.1	*0.1*	*1.0*	—	*0.2*
	II	...	...	—	—	*1.8*	*5.0*	*0.1*	*0.8*	*0.4*	*2.5*	*12.0*	*9.2*	*0.1*	*0.8*	—	—
11. Sterling area	1948	...	...	...	...	18.2	32.8	110.4‡	72.6‡	2.4	5.4	40.7	56.6	28.4	20.0	...	...
	1953	0.8	7.4	...	...	24.5	39.3	37.0	23.4	2.3	6.0	67.3	71.8	39.9	30.3	...	...
	1954	0.7	10.6	...	...	22.7	24.5	33.6	32.6	2.4	10.2	70.1	69.6	32.1	22.5	...	...
	1955	0.5	11.3	—	0.4	34.9	38.6	38.5	25.9	2.6	12.1	85.3	79.1	35.7	26.7	2.4	3.5
	1956	0.7	2.2	0.1	1.8	32.7	42.8	32.4	20.7	3.8	12.4	84.8	87.3	39.0	39.1	0.6	2.3
	1957	1.2	1.2	*0.1*	*2.0*	34.1	42.2	30.3	37.6	3.5	17.0	78.1	82.3	43.9	35.2	1.4	3.3
	II	0.6	1.1	—	2.0	27.2	40.5	24.8	30.0	4.5	18.5	80.2	79.0	35.8	32.4	0.8	2.2
	III	1.4	0.9	—	*1.1*	29.5	42.1	19.4	40.9	3.2	18.1	74.9	83.0	50.4	35.8	3.0	4.0
	IV	0.8	2.0	—	*3.2*	47.3	42.3	31.6	45.4	2.1	16.0	72.7	74.4	41.2	36.1	0.8	4.7
	1958																
	I	...	...	*0.1*	*1.8*	38.4	42.0	*35.4*	*37.5*	2.4	17.9	65.2	88.4	*49.2*	*33.8*	2.2	3.6
	II	...	...	—	*2.1*	*27.8*	*39.4*	*17.0*	*27.0*	*2.4*	*14.1*	*63.5*	*78.9*	*37.9*	*34.9*	*4.1*	*4.0*
12. ECAFE sterling countries[a]	1948	...	...	...	...	4.9	10.8	96.2‡	50.8‡	1.4	2.2	17.5	21.4	26.3	16.4	...	...
	1953	0.7	3.3	...	...	4.8	9.3	13.2	6.6	0.6	4.5	26.0	29.0	37.8	19.1	...	...
	1954	0.6	8.5	...	...	5.4	6.7	11.6	6.3	0.7	6.7	27.2	21.2	28.0	13.6	...	...
	1955	0.5	9.6	—	0.2	4.9	8.7	16.9	5.5	0.7	7.3	25.5	31.7	31.6	17.0	1.9	2.3
	1956	0.5	1.6	*0.1*	1.3	6.1	9.1	13.8	4.6	1.6	7.1	29.1	34.6	34.5	26.6	0.5	1.2
	1957	1.0	0.9	0.1	*1.4*	6.4	8.6	12.0	11.1	1.4	8.2	30.9	31.4	38.0	21.9	1.3	1.5
	II	0.5	0.8	—	1.1	5.1	7.5	14.5	7.7	2.5	8.5	33.5	30.4	30.4	19.1	0.6	0.9
	III	1.2	0.5	—	*0.5*	5.6	9.6	10.0	15.2	0.8	7.4	30.3	32.7	45.2	21.9	3.0	2.1
	IV	0.7	1.6	—	*2.7*	5.5	9.6	10.2	13.8	0.3	7.8	25.6	28.5	36.1	24.1	0.8	1.9
	1958																
	I	...	...	*0.1*	*1.3*	4.2	9.3	*5.9*	*11.9*	0.5	7.0	23.9	31.7	*38.6*	*21.3*	2.1	1.6
	II	...	...	—	*1.9*	*4.8*	*7.9*	*6.3*	*9.7*	*0.6*	*5.6*	*25.1*	*31.4*	*31.0*	*22.2*	*4.1*	*2.0*

c. Figures for trade with the Netherlands are as follows:—

	Exp.	Imp.			Exp.	Imp.
1951	66.6	26.0	1957		40.7	*19.6*
1952	50.0	31.1	1957	I	50.1	19.4
1953	48.4	22.4		II	40.1	21.8
1954	41.3	16.4		III	39.5	*17.8*
1955	36.7	17.7		IV	33.0	*19.3*
1956	42.9	22.8	1958	I	12.3	15.2

d. Figures prior to 1956 are derived from trade returns of partner countries. Totals for geographical and currency areas may not be complete.

e. Imports valued f.o.b.

f. See table 6, footnote i.

EXTERNAL TRADE

8. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS

Monthly averages or calendar months

Millions

Country and commodity	1952	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
BURMA (*kyat*)													
Food	9.1	9.4	10.3	8.0	6.8	10.9	12.7	8.9	12.6	9.7	...	...	*9.0*
Chemicals	3.9	4.1	4.6	5.4	7.1	10.3	10.2	10.8	9.4	7.0	...	...	*4.3*
Textiles	30.6	24.0	24.1	16.6	22.4	33.0	42.5	38.7	20.1	17.9	...	...	*11.0*
Base metals and manufactures	3.1	7.3	9.4	8.4	6.9	14.1	14.1	14.6	18.4	14.8	...	...	*11.7*
Machinery	4.7	5.8	7.8	7.3	10.1	12.0	9.9	14.8	13.8	20.4	...	...	*23.0*
Transport equipment	2.2	2.0	4.6	5.7	6.3	11.2	9.0	13.7	13.7	11.5	...	...	*4.1*
Other manufactured goods	11.6	9.2	11.2	9.3	9.7	13.9	14.9	13.9	14.1	13.1	...	...	*7.8*
CAMBODIA (*riel*)													
Food	...	11.2	10.0	14.0	14.8	18.4	17.2	23.7	25.2	22.9	19.3	18.2	...
Beverages and tobacco	...	22.4	22.8	9.0	5.2	6.7	5.7	6.8	9.0	9.6	6.7	9.0	...
Mineral fuels	...	9.8	13.6	11.8	9.9	5.3	3.2	6.5	3.7	5.3	6.1	2.8	...
Textiles	...	24.5	26.9	27.8	33.4	35.0	26.3	33.3	67.1	61.4	28.7	65.0	...
Base metals and manufactures	...	7.8	10.1	13.1	13.6	20.0	15.4	26.5	26.6	42.8	16.1	17.3	...
Machinery	...	4.3	5.6	11.3	16.1	11.9	13.0	11.7	8.4	31.7	34.3	30.7	...
Transport equipment	...	11.8	10.2	10.8	15.1	11.3	*8.6*	13.2	13.4	46.4	27.7	18.9	...
CEYLON (*rupee*)[a]													
Food	63.9	64.6	53.8	50.3	56.7	59.4	63.8	68.4	50.2	52.5	40.7	48.9	82.6
Cereals and cereal preparations	40.5	43.4	33.0	26.1	28.3	29.0	33.0	30.7	25.2	18.5	18.2	13.5	54.2
Mineral fuels, lubricants and related materials	12.7	12.1	9.9	12.0	10.6	18.7	15.0	20.9	19.7	10.4	9.8	16.1	15.0
Chemicals	5.1	5.4	6.1	7.6	8.2	10.1	11.3	8.3	7.9	9.6	6.7	7.7	8.0
Textiles	17.2	13.5	12.2	11.3	13.4	13.6	13.5	13.0	11.7	14.6	10.0	11.6	16.1
Machinery	7.8	7.7	5.7	7.1	8.7	9.5	12.0	8.5	8.2	9.5	7.7	6.6	13.8
Transport equipment	8.2	7.0	4.8	5.9	6.9	7.3	8.1	5.7	7.2	8.5	8.5	6.1	6.3
Other manufactured goods	21.7	19.3	20.0	21.8	25.1	25.3	27.0	23.1	24.3	24.2	20.9	23.8	26.1
CHINA (Taiwan, *new Taiwan dollar*)													
Food	30.6	35.3	43.7	26.6	42.4	33.6	21.6	33.5	51.6	60.5	8.6	25.7	81.9
Crude materials, inedible, except fuels	24.7	52.2	66.9	63.5	92.1	107.4	131.1	125.7	86.5	98.8	68.5	73.7	167.2
Oil-seeds, oil nuts and oil kernels	11.6	15.6	17.5	19.0	23.3	25.0	30.1	24.0	26.8	22.6	12.3	28.8	26.2
Textile fibres, raw	2.3	25.7	31.8	31.8	37.1	43.7	58.6	62.5	21.9	44.7	31.7	25.8	109.7
Mineral fuels, lubricants and related materials	9.4	10.9	9.3	21.3	26.2	46.3	23.6	42.7	70.0	38.2	19.4	54.9	33.8
Chemicals	48.8	33.3	47.6	44.8	75.7	62.1	55.2	64.7	44.3	96.3	104.0	41.6	143.1
Textiles	25.5	15.4	6.4	4.4	3.9	3.9	2.9	1.4	9.3	1.1	0.7	0.6	0.8
Base metals and manufactures	20.5	23.1	29.0	25.9	45.7	48.0	51.0	54.7	54.0	43.7	40.5	52.4	48.7
Machinery	19.5	25.3	33.5	43.8	60.6	74.9	53.3	80.5	118.9	69.4	53.7	34.2	60.3
Transport equipment	6.4	11.1	8.6	8.0	14.2	16.6	23.5	13.5	18.6	25.7	30.1	15.6	28.9
Other manufactured goods	18.0	34.8	20.0	16.9	26.7	33.4	33.1	43.2	36.2	29.1	25.9	32.4	31.2
INDIA (*rupee*)[a]													
Food	193.2	94.3	81.7	89.2	39.8	71.6	41.7	74.5	107.5	68.2	111.9	108.8	30.2
Crude materials, inedible, except fuels	133.7	74.9	72.7	94.2	99.6	93.5	110.9	95.7	61.2	71.4	74.8	67.8	57.8
Cotton raw and waste	97.4	41.5	47.9	44.6	44.7	40.5	51.7	39.7	16.4	28.1	37.3	17.6	19.6
Petroleum and products	65.8	66.0	72.5	78.3	90.4	89.6	107.0	86.2	106.7	63.8	54.5	71.4	54.8
Chemicals	35.8	33.5	41.9	44.0	49.0	64.0	72.5	70.3	54.2	51.3	48.0	60.9	45.7
Base metals and manufactures	43.5	38.6	45.3	69.0	131.2	191.2	214.2	170.8	201.7	130.3	106.7	129.1	108.1
Machinery	86.5	65.8	75.7	76.9	127.5	194.1	169.6	188.9	226.9	191.8	136.3	141.7	138.1
Transport equipment	41.0	22.2	31.7	56.2	64.4	63.2	56.6	59.1	63.2	45.0	46.5	34.0	68.8
Other manufactured goods	56.8	49.3	55.8	68.2	90.8	66.4	70.3	65.0	59.4	43.4	31.8	42.9	46.2
INDONESIA (*rupiah*)													
Live animals, food products, beverages and tobacco	215.1	131.9	96.0	63.3	176.1	131.5	152.0	128.4	128.1	121.8	107.5	107.8	...
Chemicals and allied products	46.0	40.9	37.0	53.6	55.8	59.8	71.9	48.2	59.5	48.4	37.0	25.9	...
Textiles, apparel and footware	219.1	212.9	173.8	175.0	202.0	165.5	174.0	129.6	146.0	90.7	103.1	178.3	...
Base metals and manufactures	94.6	67.9	63.1	70.4	79.3	110.9	130.1	121.4	80.5	70.3	50.8	41.9	...
Machinery and transport equipment	162.7	136.3	115.7	102.4	144.6	134.0	148.9	144.8	116.6	118.1	95.1	90.5	...
JAPAN (*thousand million yen*)													
Food	17.86	18.12	19.30	18.34	16.47	17.06	20.10	17.29	17.50	15.21	17.20	16.84	...
Cereals and cereal preparations	12.98	12.98	14.66	13.20	11.08	9.36	12.39	9.15	9.11	9.12	11.18	11.12	...
Sugar and sugar preparations	3.53	3.79	3.39	3.64	4.02	5.08	5.16	5.36	5.49	3.97	3.57	3.56	...
Crude materials, inedible, except fuels	3.17	34.63	33.78	36.77	51.31	60.29	73.50	54.92	44.95	42.93	39.98	37.97	...
Oil-seeds, oil nuts & oil kernels	1.16	2.41	2.91	4.41	4.01	4.23	4.64	3.55	3.80	4.74	3.71	3.10	...
Crude rubber	1.48	1.51	1.30	2.24	2.66	3.05	3.34	3.12	2.40	2.34	2.33	2.25	...
Textile fibres, raw	17.91	19.98	18.54	17.57	23.16	23.86	28.97	18.69	18.86	21.00	20.24	17.51	...
Metal ores and scrap	4.36	5.20	5.13	5.57	13.70	20.78	26.73	20.77	13.29	8.65	7.58	7.78	...

8. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS *(Cont'd)*

Monthly averages or calendar months — *Millions*

Country and commodity	1952	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
JAPAN *(thousand million yen)* *(Cont'd)*													
Mineral fuels, lubricants and related materials	7.02	8.66	8.02	8.67	12.38	20.39	22.98	20.31	19.78	16.15	14.42	16.51	...
Chemicals	1.33	2.08	1.92	2.41	4.90	5.50	6.75	5.20	4.39	4.85	4.70	4.89	...
Machinery	2.72	2.79	3.77	3.29	3.93	7.26	7.19	7.82	8.69	9.81	9.89	8.45	...
Transport equipment	1.28	2.03	1.55	0.68	0.92	1.41	1.86	1.36	1.34	1.50	1.25	0.87	...
Other manufactured goods	1.74	2.68	2.54	2.41	5.68	15.26	19.55	20.28	6.62	4.75	4.38	4.72	...
KOREA, southern *(hwan)*													
Food	258	821	276	555	452	922	1,170	1,327	969	737	721	740	541
Cereals and cereal preparations	230	697	122	78	65	558	730	840	525	348	186	136	102
Beverages and tobacco	24	67	126	188	220	224	266	255	171	201	176	217	122
Crude materials, inedible, except fuels	22	103	106	115	120	206	194	175	369	439	401	422	372
Chemicals	114	306	351	693	370	325	258	239	426	489	441	471	532
Textiles	67	229	604	1,273	663	345	209	186	630	386	466	310	404
Machinery	12	42	203	276	254	262	307	331	230	232	256	231	318
Transport equipment	4	21	113	52	79	48	59	61	38	48	51	36	25
Other manufactured goods	71	223	461	862	711	711	780	522	922	768	796	781	794
LAOS *(kip)*													
Food	...	...	...	15.2	18.0	17.0	15.8	20.9	18.8	17.3	14.8	...	...
Cereals and cereal preparations	...	...	...	7.4	10.5	6.2	4.8	5.6	9.8	3.2	2.1	...	...
Petroleum products	...	...	...	2.3	4.0	4.8	3.3	5.2	8.1	7.2	5.2	...	...
Chemicals	...	...	...	2.9	5.6	8.4	5.0	11.4	11.8	6.1	3.8	...	...
Textiles	...	...	...	9.1	23.0	26.0	14.7	46.7	12.5	26.2	8.9	...	...
Machinery	...	...	...	3.9	6.9	7.8	8.2	7.2	8.0	12.0	7.4	...	...
Transport equipment	...	...	...	3.5	12.0	18.7	27.7	20.5	16.5	13.6	11.3	...	...
Other manufactured goods	...	...	...	11.5	24.6	28.1	24.4	22.8	45.7	24.7	15.4	...	...
MALAYA, Federation of[b] *(Malayan dollar)*													
Food	...	47.3	35.1	39.8	43.7	44.0	40.0	45.1	41.6	46.3	41.0	*40.8*	*44.8*
Cereals and cereal preparations	...	21.6	12.0	14.5	15.6	15.5	12.4	16.8	15.3	18.1	...	...	...
Crude materials, inedible, except fuels	...	8.5	11.5	14.1	16.5	17.3	15.3	20.4	16.9	15.8	15.0	*18.6*	*13.7*
Metal ores and scrap	...	3.0	3.9	5.3	5.9	7.3	6.0	8.0	8.8	4.7	...	...	...
Mineral fuels, lubricants and related materials	...	9.0	9.6	10.5	11.3	12.5	13.8	13.1	11.1	11.7	11.4	*8.3*	*13.0*
Textiles	...	6.8	7.4	8.9	8.3	8.4	7.8	8.6	8.2	8.2	...	...	...
Machinery	...	9.1	8.2	8.3	10.6	11.7	10.8	12.8	11.0	11.0	...	...	...
Transport equipment	...	5.2	4.1	6.2	8.6	8.6	7.9	9.3	8.9	9.3	...	...	...
Other manufactured goods	...	20.5	19.6	23.7	26.8	27.3	26.7	27.3	24.3	24.0	...	...	...
NORTH BORNEO *(Malayan dollar)*													
Food	*1.71*	*1.51*	1.46	1.89	2.54	2.33	2.21	2.44	2.24	2.52	2.35	...	...
Mineral fuels, lubricants and related materials	...	..	0.48	0.44	0.51	0.48	0.52	0.46	0.39	0.33	0.29	...	...
Chemicals	...	..	0.24	0.32	0.41	0.44	0.45	0.43	0.42	0.41	0.42	...	...
Textiles	*0.39*	*0.38*	0.46	0.53	0.69	0.55	0.57	0.50	0.54	0.50	0.45	...	...
Machinery	0.48	0.70	0.70	0.57	0.68	0.89	0.89	0.96	0.75	0.77	0.88	...	...
Transport equipment	0.26	0.16	0.25	0.24	0.51	0.45	0.36	0.35	0.37	0.43	0.72	...	...
Other manufactured goods	...	...	1.17	1.59	2.01	2.02	2.22	1.98	1.86	1.84	1.92	...	...
PAKISTAN *(rupee)*[c]													
Mineral oils	8.5	8.3	8.3	9.5	8.3	7.4	6.6	7.6	7.4	*7.0*	...	...	...
Cotton piecegoods	23.0	1.2	2.5	2.2	4.3	0.7	0.4	0.2	0.2	*0.1*	...	...	...
Cotton twist and yarn	16.3	4.0	4.0	0.9	1.1	0.8	0.4	0.2	1.0	*0.8*	...	...	...
Iron and steel manufactures	14.0	4.9	5.6	8.3	9.7	18.8	20.0	18.6	20.8	*26.8*	...	...	...
Machinery	14.6	10.0	22.9	20.8	15.2	26.5	29.2	25.9	24.8	*32.1*	...	...	...
Transport equipment	7.0	2.1	3.7	4.1	5.5	9.5	7.2	7.5	13.2	*14.8*	...	...	...
PHILIPPINES *(peso)*[d]													
Food	12.8	12.8	13.2	17.1	14.7	18.1	15.7	17.3	19.7	19.8	14.7	16.5	26.4
Cereals and cereal preparations	5.8	3.6	4.3	6.2	4.4	6.3	5.3	5.1	8.0	7.5	6.6	6.0	17.0
Mineral fuels, lubricants and related materials	7.0	8.1	9.0	9.0	8.7	9.6	10.4	9.7	9.8	10.2	10.1	7.5	11.4
Chemicals	5.4	6.4	6.4	7.3	6.5	9.5	9.8	9.6	9.7	8.0	5.6	8.0	5.7
Textiles	12.8	12.5	13.7	14.2	9.9	13.1	15.5	11.7	13.1	11.9	9.5	7.9	6.1
Machinery	7.1	9.0	10.3	12.4	16.1	18.0	21.0	19.3	16.6	19.1	17.2	13.4	14.3
Transport equipment	3.6	3.6	4.2	5.0	4.8	5.6	5.8	7.5	4.7	5.2	5.0	3.3	5.2
Other manufactured goods	17.2	19.1	19.8	21.7	20.1	24.9	29.3	26.8	21.4	22.9	19.2	19.4	18.1
SARAWAK *(Malayan dollar)*													
Food	4.02	3.64	3.85	4.32	4.36	4.57	4.34	4.80		3.58		...	...
Mineral fuels, lubricants and related materials	22.95	22.44	22.40	24.93	26.80	27.38	26.71	28.04		25.53		...	...
Chemicals	0.23	0.53	0.70	0.82	0.79	0.80	0.71	0.88		0.74		...	...
Textiles	...	...	0.57	0.61	0.54	0.47	0.58	0.37		0.42		...	...
Machinery	0.48	1.08	1.19	1.21	1.20	1.20	1.13	1.26		0.87		...	...
Transport equipment	0.16	0.36	0.36	0.37	0.45	0.38	0.42	0.35		0.39		...	...
Other manufactured goods	...	...	2.10	2.37	2.38	2.13	2.09	2.17		1.89		...	...

EXTERNAL TRADE

8. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS *(Cont'd)*

Monthly averages or calendar months

Millions

Country and commodity	1952	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
SINGAPORE (*Malayan dollar*)[e]													
Food	...	...	...	...	55.8	55.4	...	...	...	...	...	...	...
Cereals and cereal preparations	...	...	...	...	13.4	12.3	...	...	...	...	...	...	...
Crude materials, inedible, except fuels	...	...	...	...	113.2	110.9	...	...	...	...	...	...	...
Crude rubber	...	...	...	...	91.4	87.1	...	...	...	...	...	...	...
Mineral fuels, lubricants and related materials	...	...	...	...	59.1	65.2	...	...	...	...	...	...	...
Textiles	...	...	...	...	18.0	17.6	...	...	...	...	...	...	...
Machinery	...	...	...	...	12.6	14.0	...	...	...	...	...	...	...
Transport equipment	...	...	...	...	8.0	9.5	...	...	...	...	...	...	...
Other manufactured goods	...	...	...	...	35.3	39.2	...	...	...	...	...	...	...
THAILAND (*baht*)													
Food	59.2	52.5	53.3	51.5	55.2	57.8	56.9	55.5	58.2	52.4	60.2	63.2	*54.2*
Mineral fuels, lubricants and related materials	35.0	39.3	47.5	57.0	64.6	77.3	79.6	75.5	84.3	67.0	93.2	59.2	*45.1*
Chemicals	24.6	28.2	43.9	48.1	54.5	62.8	65.0	63.8	60.1	53.3	69.1	61.6	*59.5*
Textiles	91.9	93.4	105.0	113.4	120.3	*112.2*	*99.4*	*103.5*	*114.5*	*111.5*	*97.7*	*88.2*	*96.0*
Machinery	48.5	67.1	71.1	65.3	73.8	*80.6*	*76.2*	*95.2*	*67.4*	*89.5*	*91.1*	*80.7*	*78.3*
Transport equipment	44.1	46.7	44.6	48.7	53.1	*67.1*	*68.5*	*76.7*	*62.6*	*64.5*	*59.2*	*62.6*	*50.9*
Other manufactured goods	132.3	151.0	168.7	191.1	173.8	*181.1*	*203.1*	*160.1*	*161.6*	*207.8*	*190.0*	*161.6*	*145.1*
VIET-NAM (*piastre*)[f]													
Food	84.8	111.1	122.0	89.6	82.2	75.9	85.9	79.0	68.8	54.2	71.0	67.8	110.2
Petroleum and products	21.3	32.0	41.0	33.7	35.0	44.6	67.1	37.1	54.8	35.1	45.4	38.1	70.7
Textiles	209.6	231.4	190.1	111.2	123.5	127.3	107.8	146.9	144.0	119.3	119.0	75.1	89.5
Machinery	51.0	71.7	76.2	65.4	49.2	83.9	81.3	101.0	88.7	53.5	63.1	73.6	78.5
Transport equipment	46.6	47.2	49.3	52.3	32.6	58.3	55.9	62.0	84.0	68.2	64.1	44.0	38.6

GENERAL NOTE: See table 6.

a. 1952 to 1954 figures for Ceylon, 1952 to 1956 figures for India, reclassified by ECAFE secretariat, may not conform exactly to the new classification beginning from 1955 and 1957 respectively.

b. Including trade with Singapore.

c. Figures prior to 1957, relating to private account only. From 1957 onwards figures including government account.

d. Imports valued f.o.b.

e. Including trade with the Federation of Malaya.

f. See footnote i in table 6.

9. VALUE OF EXPORTS BY PRINCIPAL COMMODITIES AND/OR COMMODITY GROUPS

Monthly averages or calendar months

Millions

Country and export	1952	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
BURMA (*kyat*)													
Rice and products	82.6	70.7	79.4	68.1	72.3	66.7	84.2	74.0	39.4	*50.8*	*73.0*	...	*64.6*
Natural rubber	2.2	2.0	2.4	2.7	3.7	3.1	4.5	2.7	1.4	*3.1*	*2.7*	...	*1.9*
Teak	3.0	2.4	2.0	1.8	2.8	5.6	4.8	7.1	5.8	...	...	...	*4.5*
Raw cotton	4.1	5.1	4.2	3.2	4.3	2.1	2.9	2.3	0.8	*1.4*	*1.7*	...	...
Base metals and ores	5.0	4.6	3.8	4.9	5.2	3.9	4.2	2.8	4.0	*1.8*	*2.3*	...	*2.0*
CAMBODIA (*riel*)													
Rice	...	38.5	69.5	9.3	20.6	55.8	62.9	46.3	32.1	112.8	81.8	52.2	...
Maize	...	8.0	16.9	12.5	15.9	14.8	21.3	11.9	17.4	8.6	11.0	9.8	...
Natural rubber	...	25.8	34.3	51.1	42.2	47.7	54.8	45.2	57.5	48.1	26.5	63.4	...
CEYLON (*rupee*)													
Tea	60.3	68.8	93.6	99.5	87.0	85.1	79.4	90.5	64.8	92.2	70.6	147.5	89.4
Coconut and products	19.5	20.5	18.2	19.0	18.0	13.3	10.7	16.2	14.3	11.0	7.0	19.1	16.9
Natural rubber	31.1	28.1	23.8	29.2	24.4	25.0	19.3	19.7	27.2	26.1	12.6	21.5	17.4
CHINA (Taiwan, *new Taiwan dollar*)													
Rice	18.6	17.4	9.4	37.3	34.4	37.0	40.0	41.0	51.6	92.7	61.3	—	—
Fruits, fresh, dried and preserved	9.9	8.1	10.7	12.3	18.4	16.2	11.9	24.3	20.1	19.4	29.5	35.9	46.3
Tea	7.1	8.8	12.1	7.0	10.2	11.8	8.0	16.7	14.4	6.1	9.4	18.0	19.7
Sugar	72.0	111.2	70.2	79.6	127.6	191.0	230.6	107.4	109.0	300.4	121.4	174.3	103.9
INDIA (*rupee*)[a]													
Food	111.7	118.7	144.8	131.2	157.6	149.3	96.0	173.4	161.5	128.3	105.9	167.8	191.5
Tea	67.3	85.9	109.4	94.3	118.5	102.8	42.2	119.4	127.4	89.9	68.2	114.1	147.0
Spices	19.5	14.5	12.0	8.8	7.7	7.0	6.1	5.4	5.6	9.5	5.3	6.2	5.5
Crude materials, inedible, except fuels	88.8	86.3	73.2	98.3	84.2	103.8	120.1	94.4	79.8	87.8	83.6	113.1	75.8
Hides and skins, undressed	4.9	4.9	5.7	5.6	5.1	5.8	6.6	6.3	4.1	5.5	6.4	8.3	3.4
Cotton raw and waste	20.3	16.7	15.4	28.9	20.9	15.6	23.3	7.4	6.6	11.2	23.2	21.8	17.8
Vegetable oils	22.8	7.9	7.4	31.2	17.4	9.5	12.5	11.2	4.0	7.7	6.8	8.7	6.2
Chemicals	6.1	4.4	4.7	4.1	4.5	4.6	3.6	5.4	4.8	4.0	3.1	3.3	3.0
Leather and manufactures	14.8	21.2	18.2	19.0	18.7	18.1	20.0	19.2	15.5	15.6	14.2	17.8	14.6
Cotton yarn and fabrics	60.4	53.1	59.7	53.0	51.9	57.2	56.2	55.4	47.5	49.4	37.0	43.6	34.2
Jute yarn and fabrics	136.1	92.0	101.2	102.9	94.6	49.6	47.1	50.4	40.8	49.7	38.8	65.3	...
Other manufactured goods	29.0	30.9	29.3	31.3	30.9	109.7	97.9	72.6	192.8	89.2	68.2	81.7	...

9. VALUE OF EXPORTS BY PRINCIPAL COMMODITIES AND/OR COMMODITY GROUPS *(Cont'd)*

Monthly averages or calendar months — *Millions*

Country and export	1952	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
INDONESIA (*rupiah*)													
Tea	22.3	22.5	37.9	29.7	28.1	28.4	22.2	27.5	28.1	24.1	23.6	27.8	24.5
Copra	54.0	61.8	55.1	40.4	42.8	40.5	25.6	49.5	53.8	10.7	5.8	9.8	17.0
Natural rubber	402.8	259.1	257.6	410.0	335.7	331.9	309.3	450.1	277.9	179.4	188.5	294.9	289.8
Tin ore	81.8	77.0	58.4	56.9	60.5	46.4	49.0	53.7	57.0	40.7	33.5	19.1	26.6
Petroleum and products	181.8	194.4	215.8	205.0	213.3	278.9	241.0	251.8	323.5	227.4	284.3	252.4	297.3
JAPAN (*thousand million yen*)													
Food	2.87	3.72	3.92	3.98	5.32	5.36	4.64	5.84	6.44	5.37	5.46	7.81	...
Fish and fish preparations	1.37	1.82	2.23	2.27	3.62	3.66	2.92	3.98	4.40	3.52	3.90	6.18	...
Crude materials, inedible except fuels	2.52	2.09	2.50	2.94	2.86	2.79	2.55	3.01	3.08	2.11	2.11	2.24	...
Textile fibres, raw	1.47	1.42	1.54	1.74	1.65	1.74	1.53	1.98	1.95	1.03	0.92	1.15	...
Chemicals	1.20	1.87	2.37	2.82	3.21	3.79	4.26	4.18	2.96	5.01	4.21	3.36	...
Textiles	10.99	11.27	16.50	17.55	20.81	24.44	22.55	25.86	27.72	21.65	21.05	18.28	...
Base metals and manufactures	10.22	5.62	7.51	11.61	10.24	9.70	8.78	9.69	11.53	10.36	11.23	9.90	...
Machinery	3.48	2.14	3.86	3.83	5.07	6.21	5.96	6.22	7.42	5.85	6.19	6.17	...
Transport equipment	1.08	3.52	2.20	3.57	9.56	12.75	12.02	14.81	10.64	16.11	10.75	13.16	...
Other manufactured goods	6.14	6.82	9.22	12.97	16.76	20.12	18.94	21.40	20.90	16.63	19.65	21.69	...
KOREA, southern (*hwan*)													
Food	19.8	52.0	67.4	42.7	58.5	152.4	117.1	202.3	185.8	69.1	109.5	72.0	43.0
Crude materials, inedible except fuels	131.7	235.0	426.6	566.5	841.5	585.5	686.1	505.9	468.3	420.7	577.3	697.0	553.0
Chemicals	3.5	16.2	31.5	47.0	35.8	23.8	27.6	18.8	7.6	0.3	0.1	—	—
Manufactured goods	6.9	17.8	26.5	64.7	108.4	169.2	155.5	270.8	148.1	136.4	180.9	250.0	119.0
LAOS (*kip*)													
Wood and lumber	...	...	...	1.00	0.28	0.13	—	0.24	0.29	0.38	0.11	...	...
Tin ore	...	...	...	0.75	1.34	1.50	2.10	1.20	1.52	0.90	1.80	...	...
Gums and resins	...	...	...	0.59	0.74	0.63	0.34	1.29	0.85	0.40	0.14	...	...
Plants for use in medicine and perfumery	...	...	...	0.09	0.24	0.13	0.22	0.10	0.04	1.22	0.26	...	...
MALAYA, Federation of[b] (*Malayan dollar*)													
Rubber	107.2	74.7	75.3	132.0	114.8	108.7	99.4	105.1	111.3	97.9	85.8	94.3	109.9
Iron ore	1.9	1.7	1.8	2.7	4.3	5.5	8.6	7.1	4.1	2.0	6.6	7.9	9.6
Vegetable oils	7.3	7.2	7.2	7.2	8.3	7.7	6.1	9.2	7.3	6.4	7.5	9.8	7.7
Tin	24.9	18.4	18.4	19.3	28.4	26.6	26.9	31.0	26.4	23.7	18.4	18.9	19.5
NORTH BORNEO (*Malayan dollar*)													
Copra	0.62	0.73	1.15	1.18	1.94	2.00	1.76	2.42	1.92	2.24	2.62	...	...
Rubber	3.26	1.95	2.03	3.84	3.36	3.10	3.11	3.02	3.01	2.65	2.35	...	...
Timber	0.69	1.03	1.46	1.81	2.18	2.63	2.40	2.75	2.95	2.59	3.22	...	...
PAKISTAN (*rupee*)[c]													
Tea	2.7	2.9	3.9	2.9	4.5	2.0	0.3	0.7	3.3	*1.8*	...	...	...
Raw jute	58.0	47.6	45.4	58.0	62.6	65.2	30.5	30.7	89.5	*119.4*	...	...	...
Raw cotton	72.0	52.7	29.1	33.6	30.3	27.6	23.1	9.2	19.1	*14.0*	...	...	...
Raw wool	4.1	4.3	3.5	5.6	5.9	8.6	10.6	8.6	7.2	*4.0*	...	...	...
Hides and skins	2.8	3.3	2.8	2.6	3.3	3.4	4.4	2.2	3.2	*1.9*	...	...	...
PHILIPPINES (*peso*)													
Coconut and coconut preparations	20.3	26.3	27.4	25.4	29.3	28.8	29.8	31.3	27.7	23.9	27.0	25.5	39.5
Sugar and related products	16.8	17.0	18.4	18.6	17.6	14.9	22.6	7.7	6.7	21.0	28.2	16.5	13.0
Fibres and manufactures	7.4	7.2	4.9	5.1	6.5	7.1	6.8	7.7	6.2	4.9	4.5	4.8	6.1
Minerals and metals	5.8	5.9	5.9	6.7	9.2	8.7	9.8	8.5	7.8	4.3	4.9	3.8	7.6
Logs, lumber and timber	3.2	4.8	5.9	6.9	8.1	7.5	9.4	7.2	6.5	7.7	11.4	10.6	17.4
SARAWAK (*Malayan dollar*)													
Pepper	2.75	4.12	3.64	2.64	2.05	1.44	0.96	1.91		0.87		...	...
Rubber	5.43	2.64	2.87	6.64	5.86	6.20	6.51	5.90		4.17		...	...
Timber, sawn and logs	0.74	1.16	1.16	1.83	1.59	1.63	1.58	1.67		1.64		...	...
Mineral fuels, lubricants and related materials	25.08	24.42	24.46	26.74	28.85	30.51	30.36	30.65		26.08		...	...
SINGAPORE (*Malayan dollar*)[d]													
Rubber	...	...	...	...	10.4	98.1	...	...	...	...	...	...	...
Mineral fuels	...	...	...	...	41.0	42.2	...	...	...	...	...	...	...
Vegetable oils	...	...	...	...	4.0	4.9	...	...	...	...	...	...	...
Tin	...	...	...	...	11.6	11.1	...	...	...	...	...	...	...
THAILAND (*baht*)[e]													
Rice	219.1	312.2	257.2	261.1	238.4	301.9	315.5	309.8	258.5	368.1	257.1	243.9	268.6
Natural rubber	84.0	62.6	92.4	150.2	127.2	117.2	95.8	98.1	135.8	113.5	101.6	107.9	101.3
Teak	8.1	11.1	17.6	22.0	25.5	21.8	21.5	20.8	20.2	16.9	19.1	18.7	20.9
Tin ore and concentrates	18.6	25.0	31.1	36.7	42.3	44.3	41.3	43.2	55.2	17.6	20.9	36.5	22.3
VIET-NAM (*piastre*)[f]													
Rice and products	44.9	52.5	64.2	26.2	1.1	59.3	96.7	85.7	41.0	58.6	100.0	3.6	0.7
Natural rubber	71.8	70.5	68.7	122.7	107.0	140.8	86.7	130.6	193.4	107.2	63.3	104.3	103.9

GENERAL NOTE: See table 6.

a. Figures for 1952 to 1956, reclassified by ECAFE Secretariat, may not conform exactly to the new classification from 1957.

b. Including trade with Singapore.

c. Figures prior to 1957, relating to private account only. From 1957 onwards figures including government account.

d. Including trade with the Federation of Malaya.

e. Baht value is obtained by converting foreign currencies at free market buying rate.

f. See footnote i in table 6.

10. QUANTITY OF EXPORTS OF MAJOR COMMODITIES

Monthly averages or calendar months — *Thousand tons*

Country and export	1948	1952	1953	1954	1955	1956	1957	1957			1958			
								II	III	IV	I	II	Jul	Aug
RICE														
Burma	105.9†	109.4	86.9	129.6	141.5	162.1	155.7	184.9	177.8	98.6	119.4	*163.6*	...	...
Cambodia	...	17.5	11.5	24.7	8.4	5.8	19.2	22.3	18.9	11.0	35.4	27.7	18.1	3.7
China (Taiwan)	0.8	8.8	4.9	3.0	14.2	9.1	10.1	11.0	11.3	14.2	25.4	16.8	—	—
Thailand	67.7	118.8	113.3	83.5	104.0	105.5	131.4	143.2	130.7	103.5	142.9	76.4	94.2	98.5
Viet-Nam	...	12.8	8.6	14.6	6.8	0.4	15.7	25.8	23.7	9.3	13.4	17.9	1.0	0.2
SUGAR														
China (Taiwan)	21.3	38.3	72.9	43.5	48.8	50.0	62.4	73.6	28.8	32.4	119.1	47.8	71.8	44.5
India	...	...	...	...	...	...	16.4	21.6	24.3	8.5	7.0	7.0	...	...
Indonesia	5.3	0.1	7.8	17.7	14.7	14.1	12.2	2.6	16.9	25.5	5.5	—	10.0	14.5
Philippines	18.1	66.1	64.3	72.4	77.2	71.9	59.3	89.7	28.0	26.8	88.4	110.1	73.7	51.9
TEA														
Ceylon	11.2	11.9	12.8	13.6	13.6	13.2	13.3	14.3	14.9	10.1	14.2	11.4	16.3	14.2
China (Taiwan)	0.6	0.8	0.9	1.3	0.6	0.9	1.0	0.8	1.4	1.0	0.5	1.0	1.3	1.4
India	13.2	15.5	18.8	16.8	13.6	19.5	16.5	7.5	18.7	21.1	16.2	12.0	17.7	21.8
Indonesia	0.7	2.7	2.4	3.4	2.4	2.9	3.0	2.5	3.1	3.0	2.9	2.8	3.3	*3.3*
Japan	0.3	0.8	1.1	1.4	1.2	0.9	0.9	0.4	1.1	1.3	0.8	0.3	0.8	1.0
Pakistan	1.2	0.9	1.0	0.8	0.4	0.8	0.3	—	0.1	0.5	0.2	0.2	...	...
HIDES & SKINS														
India (net exports, *tons*)	1,066	1,288	539	630	366	276	469	2,170	545	363	310	397	...	...
Pakistan (*thousand pieces*)	869‡	719	898	811	749	878	856	1,057	573	784	635	...	...	...
COPRA[a] & COCONUT OIL														
Ceylon	9.2	11.2	9.1	8.3	11.8	10.3	6.4	5.1	7.9	7.2	4.9	1.3	7.8	6.0
Indonesia (copra)	12.1[b]	18.3	16.3	15.8	12.5	13.8	15.4	9.0	16.2	21.6	3.3	1.2	4.0	8.3
Malaya, Federation of (coconut oil)	1.6	3.6	4.0	3.7	4.8	6.0	4.7	3.4	5.4	4.4	3.6	3.6	4.9	4.4
N. Borneo	0.3	0.6	0.7	1.4	1.9	3.2	3.4	3.0	4.3	3.2	3.2	3.6	...	...
Philippines	35.3	41.9	36.6	45.5	48.4	59.8	57.6	62.4	61.8	51.3	42.7	45.1	41.3	66.7
Singapore (coconut oil)	2.2	2.0	1.1	3.0	2.9	2.7	3.7	2.9	4.0	4.8	2.7	1.9	2.5	3.4
PALM OIL														
Indonesia	3.3	10.4	11.3	11.7	10.5	10.4	10.8	8.3	19.2	13.0	7.1	9.5	12.8	13.0
Malaya, Federation of	1.4	1.2	1.9	2.2	2.2	2.2	2.9	2.2	3.5	3.8	3.2	3.4	3.7	3.3
Singapore	2.6	2.7	2.2	2.1	2.3	2.4	1.9	2.0	2.1	1.3	1.3	1.4	1.9	3.3
GROUND NUTS[a] & OIL														
India	5.5	5.6	1.7	2.5	14.8	2.8	0.4	0.2	0.2	0.4	0.2	0.2	...	...
NATURAL RUBBER														
Brunei	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	...
Burma	0.8	1.2	0.9	1.0	1.0	1.0	1.1	1.5	0.9	0.5	*1.1*	*1.0*	*1.0*	*1.0*
Cambodia	...	1.4	1.5	2.0	2.2	2.4	2.6	1.9	2.7	3.7	2.1	*1.8*	*4.0*	...
Ceylon	7.8	7.6	8.2	7.6	8.2	7.3	8.0	7.5	6.5	7.7	9.7	3.9	8.5	7.4
Indonesia	36.6	61.8	57.1	61.7	61.1	56.6	56.4	52.5	74.2	51.0	35.7	40.6	65.6	61.9
Malaya, Federation of	32.6	28.3	27.5	35.3	37.9	36.6	38.9	33.4	35.6	45.0	39.3	36.9	34.6	45.5
N. Borneo	1.7	1.6	1.4	1.4	1.7	1.7	1.7	1.6	1.6	1.8	1.7	1.5	1.9	1.6
Sarawak	3.4	2.7	2.0	1.9	3.3	3.5	3.5	3.6	3.2	3.4	2.7	3.0	3.6	3.7
Singapore	24.8	20.1	20.7	13.1	15.6	15.7	16.1	14.5	11.6	23.8	17.5	11.0	21.7	17.8
Thailand	8.1	8.3	8.1	9.9	11.0	11.3	11.3	9.0	9.1	13.5	12.6	11.7	12.0	*10.8*
Viet-Nam	...	5.3	5.0	4.6	5.2	5.3	6.1	4.0	5.8	7.0	6.0	3.8	5.9	6.4
COTTON, RAW														
India	8.0	4.4	3.8	2.3	7.9	5.9	3.4	8.0	0.7	1.5	3.0	9.0	...	...
Pakistan	13.6	20.4	23.6	11.8	14.0	10.9	9.6	8.1	3.4	7.1	7.3	...	...	...
COTTON YARN (*tons*)														
Hong Kong	...	1,300	1,190	1,172	1,228	1,183	1,262	1,283	1,095	1,124	1,020	1,229	1,613	857
Japan	458	1,117	801	1,117	991	1,032	1,217	1,316	1,328	906	1,275	959	1,066	861
Malaya including Singapore	22	119	113	54	9	44	11	9	1	23	14	2	174	74
COTTON PIECE GOODS (*million sq. metres*)														
Hong Kong	...	10.1	9.3	11.3	11.5	9.8	13.7	12.8	14.2	13.8	18.6	21.1	16.6	12.2
India (*million metres*)	23.5	45.7	50.0	65.6	56.9	56.7	67.1	68.3	63.3	54.6	74.0	41.5	...	...
Japan	28.2	52.0	63.7	89.0	79.3	87.9	102.3	100.7	102.5	112.9	92.3	85.2	71.4	80.5
Malaya including Singapore	7.5[c]	9.6	8.0	2.7	5.0	4.5	4.5	3.6	3.6	4.0	5.3	3.6	4.3	3.5
JUTE														
Pakistan (raw)	28.1‡	70.0	81.7	74.3	81.8	71.5	65.4	32.8	31.2	90.1	132.8	...	...	...
India (bag and cloth)	78.4	60.0	60.3	67.8	79.6	67.9	65.9	54.4	76.1	65.1	54.6	47.0	67.3	...
HEMP, RAW														
Philippines	6.2	9.1	9.3	8.2	9.3	10.2	9.6	9.6	10.5	8.4	7.7	7.5	7.5	9.3
TIN CONCENTRATES (*tons*)														
Burma	155	118	83	52	79	71	*72*	*47*	*84*	*113*	*114*	*79*	*72*	...
Indonesia	2,753	2,929	2,771	2,874	2,689	2,638	2,318	2,044	2,512	2,513	1,826	1,627	898	...
Thailand	479	825	863	806	935	1,052	*1,104*	1,024	*1,157*	*1,301*	*459*	*537*	*958*	...
TIN METAL (*tons*)														
Malaya, Federation of	2,398	3,140	2,955	3,134	3,204	4,399	4,252	1,126	5,067	4,399	3,952	2,964	3,061	3,129
Singapore	1,595	2,286	2,274	2,816	2,821	1,806	1,763	1,806	1,100	1,232	1,106	773	528	942
PETROLEUM & PRODUCTS														
Brunei (crude oil)	224	423	406	398	433	469	455	463	467	446	423	408	...	...
Indonesia	321	618	800	824	789	877	1,053	1,022	1,115	1,320	957	1,179	1,002	1,303
Malaya including Singapore	82	204	225	235	268	239	206	206	165	196	207	191	159	174

GENERAL NOTE: For Federation of Malaya and Singapore: Trade between Singapore and Federation of Malaya is excluded.

a. In terms of oil equivalent.

b. Excluding exports to Singapore from Indonesia.

c. Million metres.

11. INDEX NUMBERS OF QUANTUM, UNIT VALUE AND TERMS OF TRADE

1953=100[a]

Country and trade	1950	1951	1952	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
A. Quantum														
BURMA														
Imports	64†	69†	104	123	104	88	132	125	136	133	*100*	...	...	...
Exports	79†	113†	115	130	145	163	150	166	174	97	*83*	...	...	...
CEYLON														
Imports:[b] General	84	94	96	99	97	106	112	110	137	94	105	79	98	140
Exports:[b] General	92	93	97	103	109	104	99	92	112	86	108	77	156	108
Tea	89	91	94	108	108	104	111	115	126	82	118	88	192	122
Rubber	123	107	97	100	106	101	139	194	117	112	128	60	99	83
All coconut products	83	94	109	96	118	113	82	59	101	96	68	53	110	98
Imports (*Central Bank index*)	88	99	99	93	96	105	111	113	115	97	105	79	100	...
Consumer goods	89	95	93	89	95	106	107	105	113	96	107	76	101	...
Capital goods	85	109	104	103	104	102	125	139	123	96	100	90	96	...
CHINA (Taiwan)														
Imports (*ordinary and ICA*)	...	...	81	105	98	94	102	93	107	115	116	87	...	...
Crude materials	...	...	61	107	103	101	122	142	142	106	114	87	91	199
Chemicals	...	...	136	144	126	127	102	91	108	50	167	207	33	277
Machinery & transport equipment	...	...	57	83	82	81	117	91	118	186	121	109	74	107
Exports	...	...	67	69	86	83	97	105	69	72	173	98	113	102
Food	...	...	65	68	85	81	96	107	65	69	178	93	103	83
INDIA‡						[h]								
Imports: General	...	...	108	118	125	146	168	167	160	143	141	*136*	...	...
Food, drink and tobacco	...	...	185	144	70	*56*	...	...	...	...	...	...	...	...
Raw materials and semi-manufactures	...	...	100	105	99	*102*	...	...	...	...	...	...	...	...
Manufactures	...	...	88	115	159	*203*	...	...	...	...	...	...	...	...
Exports: General	...	...	100	105	115	109	119	112	128	118	111	*100*	...	...
Food, drink and tobacco	...	...	102	109	103	*117*	...	...	...	...	...	...	...	...
Raw materials and semi-manufactures	...	...	139	114	171	*123*	...	...	...	...	...	...	...	...
Manufactures	...	...	86	101	101	*102*	...	...	...	...	...	...	...	...
JAPAN[c]														
Imports: General	45	67	74	104	109	138	172	200	170	141	139	140	148	144
Foods	56	77	93	117	117	107	102	118	101	105	102	114	119	...
Raw materials	48	68	71	97	106	144	162	186	148	128	129	131	131	...
Mineral fuels	25	51	65	100	106	133	190	207	191	192	173	163	193	...
Chemicals	12	49	57	93	146	202	223	272	213	180	202	202	212	...
Machinery	5	42	54	113	93	126	219	206	203	165	241	226	216	...
Exports: General	78	87	92	133	174	208	232	218	248	246	239	227	226	228
Foods	40	51	78	93	105	136	136	115	157	162	146	136	180	...
Chemicals	34	45	55	126	162	207	260	293	286	214	391	336	265	...
Manufactured goods	81	89	94	140	186	222	250	240	269	265	255	246	240	...
Textiles	100	100	86	149	179	204	239	222	255	269	217	211	196	...
Metals	113	120	169	148	226	165	145	127	140	180	173	203	182	...
Machinery	51	54	64	112	157	290	346	341	396	313	377	282	315	...
MALAYA including SINGAPORE[d]														
Imports	99	131	116	107	128	140	139	135	149	128	149	*137*	...	...
Exports	121	128	109	110	118	127	130	122	135	138	137	*131*	...	...
PHILIPPINES														
Imports[f]	80	100	90	111	125	123	137	149	137	131	127	115	110	...
Exports	85	96	107	111	121	138	127	131	124	108	121	140	117	...
THAILAND														
Exports	114	112	100	87	108	112	125	131	117	121	125	101	103	...
VIET-NAM[g]														
Imports	72	75	103	113	90	77	95	96	103	94	72	89	76	92
Exports	111	153	123	113	132	85	155	157	174	174	118	141	104	103

EXTERNAL TRADE

11. INDEX NUMBERS OF QUANTUM, UNIT VALUE AND TERMS OF TRADE *(Cont'd)*
1953=100[a]

Country and trade	1950	1951	1952	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
B. Unit Value														
BURMA														
Imports	189†	129†	115	93	89	82	91	93	90	97	*90*	...	...	...
Exports	62†	74†	94	77	62	62	60	61	59	59	*60*	...	...	...
CEYLON														
Imports:[b] General	86	102	110	88	89	99	96	105	103	97	88	90	84	88
Exports:[b] General	104	126	98	112	117	109	104	102	99	101	101	105	96	97
Tea	102	106	94	126	134	122	113	106	105	112	113	117	112	106
Rubber	100	165	114	88	101	98	93	91	90	87	75	77	78	77
All coconut products	114	134	83	94	79	79	85	91	84	85	89	96	93	92
Imports (*Central Bank index*)	84	101	108	92	86	90	95	99	96	94	90	89	86	...
Consumer goods	84	99	107	91	84	85	89	94	90	88	83	83	79	...
Capital goods	83	107	113	95	97	107	114	114	115	113	111	108	103	...
CHINA (Taiwan)														
Imports	...	...	111	108	111	106	110	113	109	107	106	105	110	103
Exports	...	...	113	105	110	105	116	118	122	122	103	106	96	86
INDIA‡														
Imports: General	...	...	109	97	95	97[h]	107	109	107	107	101	*96*	...	...
Food, drink and tobacco	...	...	99	85	88	90	...	...	...	...	...	...	...	...
Raw materials and semi-manufactures	...	...	104	99	97	100	...	...	...	...	...	...	...	...
Manufactures	...	...	115	99	98	100	...	...	...	...	...	...	...	...
Exports: General	...	...	109	107	98	102	102	100	105	107	97	*98*	...	...
Food, drink and tobacco	...	...	94	122	105	111	...	...	...	...	...	...	...	...
Raw materials and semi-manufactures	...	...	100	99	90	103	...	...	...	...	...	...	...	...
Manufactures	...	...	120	99	96	93	...	...	...	...	...	...	...	...
INDONESIA														
Imports	84	116	110	91	91	88	87	89	98	86	92	85	...	...
Exports	111	160	113	96	109	102	98	100	99	100	95	85	...	...
JAPAN[c]														
Imports	90	124	114	96	94	97	103	106	104	103	96	92	85	84
Exports	82	122	108	96	91	94	97	97	97	97	93	94	96	93
MALAYA including SINGAPORE[d]														
Imports	96	120	108	90	92	91	96	97	95	95	90	93	...	...
Exports	116	172	125	94	120	110	106	108	104	100	92	93	...	...
PAKISTAN[e]														
Imports	91	116	102	98	105	110	124	123	118	129	...	...	...	...
Exports	144	194	142	107	104	98	105	103	104	104	105	...	...	...
PHILIPPINES														
Imports[f]	94	106	105	96	96	97	100	100	102	102	106	101	101	...
Exports	97	104	82	89	81	83	84	84	83	85	85	88	87	...
THAILAND														
Exports:														
Effective price in baht	98	117	104	97	122	124	124	121	127	127	129	128	...	...
Price in dollars (*IMF index*)	88	104	102	93	88	81	80	79	82	84	84	82	...	...
VIET-NAM[g]														
Imports	71	75	81	101	95	90	99	99	101	103	99	92	90	85
Exports	72	90	88	94	99	92	97	96	91	103	97	84	75	78
C. Terms of trade *Percentage of unit value index of exports to unit value index of imports*														
BURMA	33†	57†	81	83	70	76	66	67	66	60	*66*	...	...	...
CEYLON	120	124	89	127	132	110	109	98	96	104	115	116	114	110
CHINA (Taiwan)	...	...	102	97	99	99	105	104	112	114	97	97	101	...
INDIA‡	...	...	100	110	103	104[h]	95	92	98	100	96	*102*	...	...
INDONESIA	132	138	103	105	120	116	112	113	102	116	102	100	...	...
JAPAN	92	98	94	100	96	97	94	91	93	95	97	102	113	111
MALAYA including SINGAPORE	121	143	116	104	130	121	110	111	109	105	102	99	...	...
PAKISTAN	158	167	139	109	99	89	85	84	88	81	...	...	...	...
PHILIPPINES	103	98	78	93	85	85	84	84	81	83	80	86	86	...
VIET-NAM[g]	101	120	109	93	104	102	98	97	90	100	98	91	83	92

a. Original base: *Burma*, Apr 1936-Mar 1941 for the period prior to 1953, 1952 since 1953; *China*, 1952; *Ceylon*, 1948; *India*, Apr 1952/Mar 1953; *Indonesia*, 1950; *Japan*, 1950; *Malaya*, 1938 for period prior to 1953, 1952 since 1953; *Pakistan*, Apr 1948/Mar 1949; *Philippines*, 1955; *Viet-Nam*, 1949.

b. All trade indexes since 1950 except the annual import price index has been computed on a fixed base (1948) weights method. The annual import price index has been computed by using moving current weights on 1948 base.

c. Indexes compiled by Ministry of Finance. The commodity groups are abridged titles of selected SITC sections and divisions.

d. Figures from 1953, though linked to previous figures, have different treatment in imports and exports of petroleum products.

e. Imports excluding land trade. Index in terms of U.S. dollars.

f. Based on f.o.b. import prices.

g. See footnote i to table 6.

h. Calendar year from 1956.

12. INDEX NUMBERS OF WHOLESALE PRICES

1953=100[a]

Country and commodity	1951	1952	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
BURMA													
All agricultural produce	121	103	100	96	99	112	107	118	122	111	112	...	...
Cereals	112	107	101	107	103	104	102	110	108	101	104	...	...
Non-food agricultural produce	148	112	114	107	103	125	122	125	138	139	143	...	...
CHINA (Taipei)													
General index	75	92	102	117	132	141	141	140	142	142	143	140	141
Food	63	78	105	114	123	135	132	135	141	142	139	136	136
Apparel	89	107	94	110	106	105	106	102	104	106	108	107	106
Fuel and light	73	89	106	116	142	166	167	166	168	173	173	173	178
Metals and electrical materials	84	104	102	158	190	197	199	190	194	193	193	189	189
Building materials	62	94	105	115	153	163	170	159	152	145	151	150	149
Manufactured products	85	91	104	120	143	161	165	164	159	155	157	157	159
Industrial materials	80	95	100	116	138	163	167	165	160	159	159	159	161
INDIA (*Apr-Dec 1953=100*)													
General index	...	...	94	87	97	103	103	105	103	100	103	106	...
Food articles	...	...	90	78	91	98	98	102	98	94	100	109	...
Industrial raw materials	...	...	94	88	103	107	109	108	105	102	104	107	...
Manufactured articles	...	...	102	101	106	109	109	110	110	109	109	111	...
Intermediate products	...	...	99	99	112	110	111	110	108	108	111	113	...
Finished products	...	...	102	101	105	109	109	110	110	109	109	110	...
INDONESIA (Djakarta) (imported goods)													
All articles	99	94	109	145	135	160	143	166	184	203	...	...	...
Provisions	68	84	110	144	146	178	165	182	204	224	...	...	...
Textile goods	109	89	110	169	118	137	123	142	168	198	...	...	...
Chemicals	99	90	109	151	137	141	129	147	162	171	...	...	...
Metals	103	105	98	115	135	169	164	173	180	188	...	...	...
JAPAN													
General index	97	100	99	98	102	105	106	104	103	100	98	97	97
Edible farm products	84	93	112	112	109	112	111	110	117	118	117	117	117
Other foodstuffs	99	103	106	103	101	104	104	104	104	101	99	99	100
Textiles	126	101	92	87	88	82	83	80	79	76	77	77	76
Chemicals	102	108	93	90	94	95	96	95	92	90	89	87	86
Metal and machinery	109	105	94	97	116	119	123	117	113	106	104	101	99
Building materials	77	85	104	96	104	115	117	114	113	110	107	105	105
Fuel	79	100	96	101	105	113	111	112	115	112	106	105	105
Producer goods	97	100	96	95	103	107	109	106	104	100	99	97	96
Consumer goods	96	100	103	101	100	102	101	101	103	100	98	98	98
KOREA (Seoul, *Aug-Dec 1953=100*)													
General index	...	...	124	225	303	359	377	373	326	320	331	338	335
Food grains	...	...	97	234	366	425	486	459	340	331	371	380	366
Textile raw materials	...	...	140	235	271	317	305	312	339	310	312	297	307
Textiles	...	...	132	165	168	166	162	161	168	159	164	158	167
Building materials	...	...	154	236	254	285	292	285	293	271	276	278	276
Fertilizers	...	...	100	175	608	638	638	633	638	638	638	633	638
PHILIPPINES (Manila)													
General index	110	101	95	92	95	99	97	101	102	103	102	103	102
Food	110	107	97	95	96	102	98	105	106	107	106	106	105
Crude materials	101	81	88	84	90	92	90	93	95	96	95	96	98
Mineral fuels	99	105	97	95	97	105	105	106	106	106	106	105	105
Chemicals	120	103	95	88	88	93	92	95	94	96	97	96	95
Manufactured goods	137	109	96	92	100	104	103	104	104	105	104	103	103
Domestic products	108	100	94	92	94	98	96	100	101	102	101	101	101
Exported products	103	82	88	81	84	88	87	90	91	94	94	95	97
Imported products	119	105	97	92	100	106	105	107	106	110	110	110	110
THAILAND (Bangkok)													
General index	101	107	98	114	117	118	118	121	116	118	122	124	137
Agricultural produce[b]	135	120	98	136	130	130	129	138	129	134	136	141	146
Foodstuff[b]	82	98	96	108	116	115	116	119	113	116	123	124	147
Clothes	143	131	99	102	101	101	101	101	101	101	101	101	101
Fuel	98	101	103	108	109	109	109	109	109	109	114	109	109
Metal	140	135	97	126	139	141	148	135	128	116	107	102	103
Construction materials	90	97	103	104	103	105	105	104	104	103	103	102	102
VIET-NAM (Saigon-Cholon)													
General index	77	87	105	117	122	123	117	131	132	125	122	128	128
Rice and paddy	57	90	83	99	113	106	90	120	125	114	111	124	124
Other food products	68	77	117	117	128	135	139	141	131	132	132	135	137
Fuel and mineral products	82	83	120	121	131	140	140	143	143	144	145	146	146
Raw materials	120	92	117	145	131	139	135	144	151	132	123	127	124
Semi-finished products	82	87	120	123	131	138	139	139	142	134	129	131	131
Manufactured products	97	86	120	124	121	111	115	115	118	118	118	117	118
Local products	75	89	100	116	123	121	111	130	132	112	118	126	126
Imported products	84	83	121	121	124	130	132	134	134	133	132	131	131

a. Original base: *Burma*, 1938-40; *China*, Jan-Jun 1937 except indexes of manufactured products and industrial materials for which the base is 1951; *India*, Apr 1952/Mar 1953; *Indonesia*, 1938; *Japan*, 1948 for 1951, 1952 for subsequent years; *Korea*, 1947; *Philippines*, 1955; *Thailand*, Apr 1938/Mar 1939; *Viet-Nam*, 1949.

b. Agricultural produce including paddy, rice meal, copra, rubber, etc.; foodstuff including milled rice, pork, banana, etc.

13. PRICE QUOTATIONS OF MAJOR EXPORT COMMODITIES

Commodity and country		1951	1952	1953	1954	1955	1956	1957	1957			1958			
									II	III	IV	I	II	Jul	Aug
RICE															
Burma	£ per L. ton	45.0	52.5	60.0	49.0	41.1	35.6	34.2	34.3	33.0	33.0	37.0	37.0	37.0	37.0
China(Taiwan)	NT$ per m.ton	1,572	2,125	3,527	3,133	2,634	3,776	3,644	3,643	3,648	3,643	3,643	3,643	—	—
Thailand	£ per L. ton	52.4	56.7	63.4	57.3	50.5	48.9	49.8	46.3	55.3	51.7	51.8	53.4	53.6	54.2
SUGAR															
China (Taiwan)	US$ per ton	171.6	151.1	98.2	104.9	104.6	104.3	139.3	162.4	134.3	119.0	102.0	97.5	97.0	85.5
India	Rs.per maund.	30.7	30.4	28.4	31.1	28.1	27.9	30.8	30.3	32.9	32.2	34.8	35.2	36.6	35.8
Indonesia	Rp.per 100kg.	294	286	285	308	306	302	350	298	400	403	375	418	440	440
Philippines	Peso per picul	13.6	14.3	15.2	14.9	13.8	14.0	14.8	15.2	15.2	14.6	15.0	15.4	15.4	15.4
TEA															
Ceylon	Rs. per lb.	2.62	2.30	2.46	3.11	3.30	3.00	2.78	2.61	2.57	2.77	2.78	2.89	2.76	...
China (Taiwan)	NT$ per kg.	8.27	8.71	9.64	11.25	11.49	11.96	10.08	9.44	10.33	11.17	11.39	12.34	13.62	13.24
India[r]	Rs. per lb.	2.24	1.64	2.00	3.18	3.05	2.58	2.63	2.17	2.91	2.51	2.27	2.56	3.43	3.05
Indonesia	Rp.per 100kg.	701	912	1,037	1,469	1,459	1,072	1,097	1,084	1,072	1,105	1,100	1,134	...	...
PEPPER															
Cambodia	Rs.per 63.42 kg.	...	4,988	5,733	4,771	3,507	3,983	4,745	4,384	5,277	4,755	3,690	3,491	...	...
India	Rs.per maund	391.9	337.7	285.9	162.4	131.6	110.9	77.7	71.1	68.8	80.5	69.2	68.3	90.0	...
Indonesia	Rp.per 100kg.	2,565	3,031	2,583	1,473	745	551	469	480	463	427	393	502	...	...
Sarawak	M$ per picul	464.7	447.9	313.7	159.6	109.6	70.2	69.5	69.7[R]	—— 69.4 ——		71.6	92.4	...	...
Singapore	M$ per picul	663.6	507.4	395.3	204.8	135.6	94.7	72.8	75.8	73.3	65.4	64.1	70.9	77.5	77.0
HIDES															
Pakistan	Rs.per 28 lbs.	32.15	24.42	21.61	25.54	31.72	29.49	29.08	28.08	26.93	31.85	33.17	29.03	28.00	28.00
SKINS															
India	Rs.per 100 pcs.	523.2	266.8	336.0	320.0	287.6	300.4	353.1	350.0	350.0	362.5	337.5	338.3	341.2	312.0
Pakistan	Rs.per 100 pcs.	...	...	178.7	208.2	211.9	254.6	287.4	290.8	294.4	290.2	283.6	242.1	245.0	242.0
GROUNDNUTS															
India	Rs.per maund	31.56	22.94	29.11	21.36	15.94	24.42	25.34	25.20	25.65	25.20	22.18	23.78	25.77	28.05
COPRA															
Ceylon	Rs. per candy	349.6	203.8	267.2	246.8	209.5	212.2	239.8	244.2	233.2	235.8	251.4	260.7	257.0	...
Indonesia	Rp.per 100kg.	189	169	219	194	193	178	156	145	146	150	149	153	...	...
Malaya (Fed. of)	M$ per picul	44.02	28.82	35.30	30.68	26.38	25.70	26.85	26.00	26.50	29.42	31.50	33.17	33.00	...
Philippines	peso per100kg.	36.16	24.63	36.62	30.76	27.12	26.02	28.43	26.71	29.17	31.67	34.96	35.02	34.50	36.18
Singapore	M$ per picul	43.91	29.09	37.59	32.55	28.14	27.45	27.34	26.87	25.95	27.63	30.87	32.94	31.75	32.69
RUBBER, NATURAL															
Burma	K. per lb.	1.20†	1.10†	1.10	0.81	1.29	1.58	1.31	1.35	1.23	1.16	1.19	...	...	...
Cambodia	Ri. per kg.	...	...	...	13.98	18.75	18.26	16.45	15.22	16.88	11.50	16.24	14.89	15.98	...
Ceylon	Rs. per lb.	2.53	1.76	1.54	1.36	1.56	1.50	1.43	1.40	1.40	1.34	1.24	1.20	1.21	...
Indonesia	Rp.per 100kg.	921	853	565	545	888	821	746	745	733	669	636	604	...	...
Singapore	M Cents per lb.	169.55	96.07	67.44	67.30	114.16	96.76	88.75	91.44	89.96	81.15	77.65	74.85	79.75	81.42
Thailand	Baht per kg.	13.18	10.14	7.30	8.17	13.59	11.25	10.87	13.45	13.17	11.59	9.76	10.00	9.93	10.31
TIMBER															
Burma	K.per cu.ton	952	976	929	876	921	923	888	846	893	825	...	...	...	...
Malaya, Fed. of	M$per 50 cu.ft.	167.0	150.3	148.2	149.4	156.6	158.2	144.6	141.5	148.3	145.8	149.0	148.8	134.5	...
North Borneo	M$per 50 cu.ft.	124.4	133.9	118.3	82.9	77.9	77.5	66.1	69.7	67.6	58.8	63.0	...	...	...
Philippines	Peso per 1,000 bd.ft.	130	116	109	117	114	112	105	107	106	103	103	102	99	...
Thailand	Baht per cu. m.	1,724	1,933	2,436	3,023	3,614	4,098	4,090	4,406	4,344	3,460	4,109	4,236	4,275	4,025
WOOL, RAW															
Pakistan	Rs. per lb.	2.71	1.71	2.09	2.25	2.15	2.70	2.77	3.17	2.79	2.39	2.47	...	...	...
COTTON, RAW															
Burma	K. per lb.	1.54†	1.75†	1.08	1.34	1.33	1.00	1.14	1.13	1.14	1.16	...	...	...	...
India	Rs.per 784 lbs.	786.7	716.0	710.0	734.0	635.8	786.7	766.7	814.6	...	691.4	755.8	737.0	748.8	722.2
Pakistan	Rs. per bale	845.7	629.7	405.2	443.5	443.6	503.7	511.1	521.8	486.8	491.3	497.7	...	...	...

13. PRICE QUOTATIONS OF MAJOR EXPORT COMMODITIES *(Cont'd)*

	Unit	1951	1952	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
JUTE, RAW															
India[r]	*Rs. per 400 lbs.*	331	173	132	148	172	173	207	211	203	212	205	198	192	194
Pakistan[r]	*Rs. per 400 lbs.*	249	134	106	135	150	187	214	230	210	198	193	...	...	...
HEMP, RAW															
Philippines[r]	*Pesos per picul*	62.6	64.0	38.4	28.8	31.0	37.4	46.8	45.7	48.1	48.3	40.6	30.9	39.4	42.4
GROUND NUT OIL															
India	*Rs. per quarter*	24.51	17.32	22.34	15.38	11.92	17.82	19.11	19.73	19.28	18.79	17.35	18.46	19.72	20.38
PALM OIL															
Indonesia	*Rp.per 100kg.*	229	228	214	204	220	*233*	*232*	*235*	*233*	*222*	*226*	218	...	...
COCONUT OIL															
Ceylon	*Rs. per L. ton*	2,068	1,247	1,519	2,454	1,156	1,168	1,256	1,324	1,203	1,224	1,340	1,390	1,383	...
Philippines	*Peso per kg.*	0.70	0.46	0.69	0.57	0.48	0.45	0.47	0.44	0.49	0.53	0.60	0.61	0.60	0.62
Singapore	*M$ per picul*	79	48	59	55	44	44	46	45	45	48	50	51	51	52
RAYON YARN															
Japan	*Yen per lb.*	374	245	229	209	173	172	171	176	171	159	155	151	150	150
COTTON PIECE GOODS															
India	*Rs. per lb.*	1.92	1.88	1.89	1.88	1.80	1.94	2.04	2.05	2.05	2.05	1.86	1.82	1.82	...
Japan	*Yen per yd.*	96	63	60	57	57	50	48	49	47	44	42	44	43	43
JUTE MANUFACTURES															
India (bag)	*Rs.per 100 bags*	232.2	138.0	98.8	111.8	115.6	111.2	114.6	114.6	115.5	114.0	101.7	99.4	98.1	99.1
India (hessian)	*Rs.per 100 yd.*	82.0	55.6	46.1	47.2	45.0	43.0	44.3	44.5	44.4	43.4	41.2	42.5	44.3	45.4
TIN															
Indonesia	*Rp.per m.ton*	6,865	19,220	19,377	14,215	14,986	*16,078*	*16,004*	*16,951*	*15,217*	*16,082*	*16,271*	*15,751*	*15,108*	...
Singapore	*M$ per picul*	526.6	480.1	383.9	353.6	365.5	387.0	373.2	385.5	370.8	354.6	363.4	365.8	371.4	369.6
Thailand	*Baht per kg.*	15.2	15.4	8.7	26.9	28.2	28.8	28.9	30.0	26.9	26.8	27.0	21.9	—	26.4
PETROLEUM, CRUDE															
Indonesia	*Rp.per m.ton*	—	74	76	160	160	*163*	*163*	*168*	*156*	*160*	*164*	*182*	*181*	...
Sarawak	*M$ per m.ton*	62	62	64	65	63	61	64	63[a]	—— 65 ——		65	65	...	...

SPECIFICATIONS:

RICE:
Burma—Average of export contract prices f.o.b. white rice, No. 1 small mills special ngasein.
China (Taiwan)—Unit value of export of rice and paddy.
Thailand—Export price f.o.b. Bangkok, white rice 5% broken; prior to 1955 export contract price f.o.b.

SUGAR:
China (Taiwan)—Monthly average price of all kinds of sugar f.o.b. Taiwan ports.
India—Wholesale prices, D. 28 Kanpur.
Indonesia—Domestic wholesale prices of white sugar, Djakarta.
Philippines—Wholesale prices of centrifugal sugar, Manila.

TEA:
Ceylon—Average prices for all grades f.o.b.
China (Taiwan)—Unit value of export of black tea. For 1951, average of Jan.-Jun.
India—Export price at Calcutta auctions, leaf, all types.
Indonesia—Export prices f.o.b. for B.O.P., O.P., P.S. and B.P.

PEPPER:
Cambodia—Wholesale prices, black ex-store.
India—Wholesale prices, ungarbled (alleppey) Calcutta.
Indonesia—Export prices, f.o.b. black Lampong.
Singapore—Wholesale prices, black Lampong.
Sarawak—Unit value of exports of black pepper.

HIDES:
Pakistan—Average wholesale prices of Karachi unframed arsinicated mixed 12/40 lbs. (buffalo), Karachi.

SKINS:
India—Wholesale prices of raw goat skin, average quality, Calcutta.
Pakistan—Average wholesale prices of sheep skin, Papra (dewooled all primes), Karachi.

GROUNDNUTS:
India—Wholesale prices of ground nuts, machine shelled, Cuddalore.

COPRA:
Ceylon—f.o.b. prices for all grades.
Indonesia—Export prices f.o.b. mixed. Prior to August 1951 "f.m.s. and mixed".
Malaya, Fed. of—Wholesale prices, sundried.
Philippines—Wholesale prices, resecada, Manila.
Singapore—Wholesale prices, sundried.

RUBBER, NATURAL:
Burma—Unit value of exports.
Cambodia—Unit value of exports.
Ceylon—f.o.b. prices of all grade of rubber excluding latex.
Indonesia—Export prices f.o.b. R.S.S. 1 and Crepe 1.
Singapore—Buyers' midday prices, f.o.b. Singapore No. 1 RSS in bales. Since 1952 average of daily prices.
Thailand—Unit value of exports of rubber smoked sheet. Annual figures relate to whole kingdom, monthly & quarterly figures relate to Port of Bangkok only.

TIMBER:
Burma—Unit value of teak exports.
Malaya, Fed. of—Unit value of net exports of timber.
North Borneo—Unit value of saw logs for 1951-1954; saw logs and veneer logs, non-coniferous from 1955 to date.
Philippines—Unit value of exports of logs and lumber.
Thailand—Unit value of exports of teak board. Annual figures relate to whole kingdom, monthly and quarterly figures relate to Port of Bangkok only.

WOOL, RAW:
Pakistan—Unit value of exports.

COTTON, RAW:
Burma—Unit value of exports.
India—Wholesale prices, Jarilla M.G.F., Bombay.
Pakistan—Unit value of exports.

JUTE, RAW:
India—Domestic price at Calcutta, raw lightnings.
Pakistan—Domestic/export f.o.b. Chittagong, raw, baled, export firsts.

HEMP, RAW:
Philippines—Domestic/export price at Manila, Manila Hemp, Grade G.

GROUND-NUT OIL:
India—Wholesale prices, naked, Bombay.

PALM OIL:
Indonesia—Export prices f.o.b.

COCONUT OIL:
Ceylon—f.o.b. prices for all grades.
Philippines—Wholesale prices, Manila.
Singapore—f.o.b. Singapore.

RAYON YARN:
Japan—Export prices f.o.b. viscose, 120 denier hank, 1st grade.

COTTON PIECE GOODS:
India—Wholesale prices of grey standard shirting 35" X 38 yds. Bombay.
Japan—Export prices f.o.b., heavy shirting s/2003 grey 38".

JUTE MANUFACTURES:
India—Export prices of bags, B-twills 2¼ lbs. 44 X 26½" f.a.s. Calcutta.
India—Domestic/export prices of hessian cloth 10½ oz. 40" Calcutta.

TIN:
Indonesia—Unit value of exports of tin and tin ore.
Singapore—Export prices ex-works.
Thailand—Unit value of exports of tin ore and tin in concentrates. Annual figures relate to whole Kingdom, monthly and quarterly figures relate to Port of Bangkok only.

PETROLEUM, CRUDE:
Indonesia—Unit value of exports of crude petroleum.
Sarawak—Unit value of exports of crude petroleum.

a. average of Jan-Jun.

14. INDEX NUMBERS OF PRICES RECEIVED AND PAID BY FARMERS

1953=100[a]

Area	1951	1952	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
CHINA (Taiwan)													
Prices received by farmers (R)	51	74	92	102	110	122	122	121	124	125	121	116	...
Prices paid by farmers (P)	54	73	93	101	111	118	118	117	120	122	122	116	...
Cultivation cost	56	73	93	106	113	120	119	121	123	126	126	120	...
Domestic expenditure	53	73	92	100	109	117	118	116	119	120	120	114	...
Ratio (R) ÷ (P)	95	102	99	100	99	103	103	103	103	102	99	100	...
INDIA (Punjab)													
Prices received by farmers (R)	96	94	94	78	97	104	104	101	101	96	...	...	...
Prices paid by farmers (P)	107	102	98	86	96	104	105	105	103	102	...	...	...
Cultivation cost	117	105	92	79	91	95	94	94	95	95	...	...	...
Domestic expenditure	101	101	102	91	99	110	111	111	108	106	...	...	...
Ratio (R) ÷ (P)	90	92	96	90	101	100	99	97	98	94	...	...	...
INDIA (West Bengal, *1954=100*)													
Prices received by farmers (R)	...	...	100	102	118	135	135	143	140	125	*133*	...	...
Prices paid by farmers (P)	...	...	100	98	106	113	110	117	118	113	*116*	...	...
Cultivation cost	...	...	100	98	103	105	103	109	105	105	*108*	...	...
Domestic expenditure	...	...	100	97	108	118	114	122	125	118	*121*	...	...
Ratio (R) ÷ (P)	...	...	100	105	111	119	123	122	119	111	*114*	...	...
JAPAN[b] (*Apr 1953-Mar 1954=100*)													
Prices received by farmers (R)	81‡	85‡	98‡	95‡	98	99	99	99	99	98	96	97	97
Prices paid by farmers (P)	94‡	98‡	103‡	101‡	102	105	105	105	105	105	104	103	103
Cultivation cost	92‡	99‡	102‡	98‡	98	102	103	103	103	102	102	100	99
Domestic expenditure	95‡	97‡	103‡	103‡	103	106	106	106	107	106	105	105	105
Ratio (R) ÷ (P)	86‡	87‡	96‡	94‡	97	94	94	95	94	93	93	94	94

a. Original base: *China* 1952, *India, Punjab,* Sep 1938/Aug 1939; *West Bengal,* 1939; *Japan,* Apr 1951/Mar 1952.

b. Index numbers of commodity prices in 473 towns or villages. Annual figures prior to 1956 relate to fiscal year April to March.

15. INDEX NUMBERS OF COST OF LIVING

1953=100[a]

Area	1951	1952	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
A. All items													
BURMA: Rangoon	107	103	96	98	111	119	119	127	118	110	116	126	125
CAMBODIA: Phnom-Penh	72	78	108	121	127	127	129	127	129	130	133	138	139
CEYLON: Colombo	99	98	100	99	99	101	101	101	103	104	103	102	103
CHINA: Taipei	65	84	102	112	123	133	130	136	134	135	133	131	135
HONG KONG	98	99	98	95	97	98	97	98	96	95	95	95	...
INDIA (*interim index*)	98	97	95	90	99	104	103	106	106	104	106	112	113
JAPAN (*urban*)	89	94	106	105	106	109	109	111	109	108	108	108	109
KOREA: Seoul	36	66	137	231	284	350	372	352	321	327	342	342	...
LAOS: Vientiane	53	74	123	125	141	174	169	187	181	171	*181*	...	...
MALAYA, Federation of	101	103	94	91	92	96	96	96	96	96	95	94	...
PAKISTAN: Karachi	88	90	98	94	97	106	105	108	110	111	112	114	114
Narayanganj	94	101	84	85	99	104	104	106	106	107	107	...	...
PHILIPPINES: Manila	111	104	99	98	100	102	100	103	105	104	105	106	105
SINGAPORE	97	101	93	91	92	94	94	94	93	93	92	91	...
THAILAND: Bangkok	82	91	100	105	111	118	117	122	115	119	128	128	134
VIET-NAM: Saigon	64	79	113	124	139	133	134	136	130	128	127	130	133
B. Food													
BURMA: Rangoon	108	104	97	96	106	119	118	133	119	109	117	131	129
CAMBODIA: Phnom-Penh	68	76	103	119	130	129	132	129	131	134	138	144	144
CEYLON: Colombo	96	94	100	99	97	99	99	98	101	102	100	97	98
CHINA: Taipei	62	78	102	108	126	137	130	145	140	140	135	128	139
HONG KONG	94	95	95	90	95	95	95	97	93	91	91	92	...
INDIA (*interim index*)	96	94	93	85	97	103	101	105	105	102	105	112	114
INDONESIA: Djakarta	89	94	106	141	161	177	158	176	217	254	226	242	273
JAPAN (*urban*)	91	94	108	105	105	108	107	110	107	105	105	106	108
KOREA: Seoul	33	77	116	206	282	339	379	342	278	289	324	323	...
LAOS: Vientiane	47	70	122	118	122	157	148	176	166	151	*166*	...	...
MALAYA, Federation of	101	103	90	87	88	93	93	93	94	93	92	90	...
PAKISTAN: Karachi	89	93	98	95	100	113	111	116	117	119	120	123	122
Narayanganj	93	103	79	80	97	102	103	105	105	104	103	...	...
PHILIPPINES: Manila	111	106	99	98	101	105	99	107	112	110	110	113	112
SINGAPORE	100	101	91	88	89	91	91	91	90	90	87	86	...
THAILAND: Bangkok	81	91	98	103	108	117	116	121	112	118	130	130	139
VIET-NAM: Saigon	59	80	107	122	140	129	131	134	124	123	121	125	131

GENERAL NOTES: All figures refer to working class expenditures except for the following countries: *China,* public servants; *Hong Kong,* clerical and technical workers; *Indonesia,* government employees; *Japan,* urban population; *Korea,* salary workers and wage earners *Laos,* middle class; *Singapore,* low income clerks and labourers; *Thailand,* low salaried workers and civil servants.

a. Original base: *Burma,* 1941; *Cambodia,* 1949; *Ceylon,* Nov. 1942 for 1951, 1952 for subsequent years; *China,* Jan-Jun 1937; *Hong Kong,* Mar 1947; *India,* 1949; *Indonesia,* Jul 1938; *Japan,* 1951 for period prior to 1955, 1955 for subsequent years; *Korea,* 1955; *Laos,* Dec 1948; *Malaya,* Jan 1949; *Pakistan,* Apr 1948/Mar 1949; *Philippines,* 1955 *Singapore,* 1939; *Thiland,* Apr 1938/Mar 1939; *Viet-Nam,* 1949.

16. EMPLOYMENT AND WAGES

Base for index numbers, 1953[a]

Country and item	1948	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
CEYLON													
Index of wages													
Tea and rubber estate workers[b]	66	100	102	106	107	108	107	108	109	110	110	109	109
Government workers (Colombo)[c]	86	100	100	104	106	109	106	106	119	125	125	125	125
Index of real wages													
Tea and rubber estate workers[b]	75	100	103	107	108	107	106	107	106	106	107	107	106
Government workers (Colombo)[c]	102	100	101	106	107	107	104	104	114	120	121	123	122
CHINA (Taiwan)													
Employment[d] (*thousand*)													
Mining	79	57	53	55	66	74	68	71	72	72	73	72	...
Manufacturing	114	238	258	258	260	261	260	261	261	261	261	261	...
Transport	...	55	64	66	68	71	69	69	69	71	71	71	...
Index of earnings[e]													
Mining	...	100	105	131	174	227	223	230	244	247	249	246	...
Manufacturing	...	100	111	125	141	155	152	151	159	165	160	159	...
Index of real earnings[e]													
Mining	...	100	110	124	150	184	181	186	196	197	198	199	...
Manufacturing	...	100	117	119	122	125	123	122	127	132	127	128	...
INDIA													
Employment[f] (*thousand*)													
Factories under Factory Act	2,360	2,528	2,590	2,690	2,882	*2,810*	...	...	...	...	...	...	...
Cotton mills	644	744	741	758	807	812	809	818	798	782	748	766	711
Coal mines[g]	308	338	332	341	333	350	345	340	360	*366*	...	...	...
Central government[h]													
Office workers	...	213	221	251	281	300	291	296	300	303	309	310	...
Manual workers	...	403	412	396	388	389	384	384	389	391	396	396	...
Wages or earnings (*rupees*)													
Cotton mills[i] (Bombay, *monthly*)	...	96.0	96.3	94.8	98.8	104.2	101.7	107.2	107.1	108.3	109.4	111.1	...
Coal mines[j] (Jahria, *weekly*)	2.4[t]	13.2	14.2	14.2	17.4	20.4	20.4	20.7	20.4	*21.3*	...	...	...
JAPAN													
Employment[k] (*million*)													
All industries	34.6	39.5	40.0	42.3	42.1	43.2	43.9	44.0	43.9	41.2	44.6	44.5	43.8
Agriculture, forestry & hunting	16.4	17.2	16.8	17.2	16.8	16.3	17.6	17.2	17.1	13.6	17.1	17.2	16.4
Mining	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
Manufacturing	6.3	6.8	7.0	7.2	7.6	8.1	7.9	7.9	8.5	8.6	8.7	8.6	8.5
Construction	...	1.6	1.7	1.8	1.8	2.0	1.9	2.0	1.8	2.1	1.9	1.9	2.0
Commerce	...	5.8	6.4	6.7	7.0	7.3	7.3	7.4	7.3	7.3	7.6	7.6	7.7
Transportation and communication and other public utilities	...	1.9	1.9	1.9	2.1	2.2	2.1	2.2	2.2	2.1	2.1	2.1	2.2
Services (non-government)	...	3.7	3.8	4.3	4.6	4.9	4.7	4.9	5.1	5.2	4.9	4.8	4.7
Index of earnings[m]													
Mining	...	100	101	108	118	137	128	149	162	115	117	150	...
Manufacturing	...	100	105	109	120	124	118	125	146	108	119	167	...
Index of real earnings[m]													
Mining	...	100	95	103	112	125	117	135	149	107	108	139	...
Manufacturing	...	100	99	104	113	114	109	113	134	100	110	154	...
Daily money wages of agricultural labour, male (*yen*)	185	257	285	301	308	323	329	331	337	308	352	366	366
KOREA, southern													
Wages or earnings[n] (*thousand hwan*)													
Mining	...	...	...	...	...	31.6	31.6	32.8	34.9	34.7	36.0	34.9	35.7
Manufacturing	...	...	...	...	...	22.3	22.0	22.6	23.3	22.9	23.4	23.9	24.1
PHILIPPINES													
Index of employment[p]													
Mining	...	100	77	123	23	117	121	116	109	107	108	...	...
Manufacturing	...	100	106	151	152	161	158	158	161	164	159	...	...
Index of wages[q] (Manila)													
Skilled	101	100	101	101	101	101	100	101	101	104	103	105	105
Unskilled	92	100	99	102	103	102	102	102	102	102	103	103	103
Index of real wages[q] (Manila)													
Skilled	90	100	105	106	104	101	104	101	99	102	101	101	102
Unskilled	82	100	103	107	106	103	105	102	99	100	100	99	99
THAILAND													
Employment in mining[f] (*thousand*)	10.4	16.1	14.7	*15.6*	*16.6*	*17.4*	*17.5*	*17.7*	*17.5*	*15.7*	*13.9*	*13.7*	...
VIET-NAM													
Daily wages[s] (Saigon-Cholon, *piastre*)													
Skilled	22.0[u]	55.6	73.2	86.7	89.4	99.2	...	...	...	...	...	...	...
Unskilled (male)	15.4[u]	31.8	37.4	47.8	56.0	63.4	...	...	...	...	...	...	...

a. Original bases for wages or earnings index: *Ceylon*, 1939; *China* June 1949; *Japan*, 1955; *Philippines*, 1955.
b. Daily rates of minimum wages (basic wages plus special allowance).
c. Monthly wage rates for unskilled male workers in government employment.
d. Staff and permanent workers at end of period.
e. Daily average of wages and allowances including payment in kind.
f. Daily averages.
g. Average daily employment in all coal mines governed by the Indian Mines Act. Monthly figures are slightly short of total coverage.
h. Central Government establishments excluding railways. Office workers comprise administrative, executive and clerical staff; manual workers comprise skilled, semi-skilled and unskilled workers. Figures relate to end of period.
i. Monthly minimum basic wages plus dearness allowance.
j. Average weekly earnings (basic wages plus dearness allowance and other payments) of underground miners and loaders in coal mines.
k. For 1948, average for calendar week beginning first Sunday of each month. From 1952, average for the week ending on the last day of the month, except for December when the week prior to holiday seasons was chosen.
m. Average monthly cash earnings per regular worker.
n. Total monthly average earnings of regular employees based on the payroll returns from about 400 constant sample establishments throughout the country engaged in mining and manufacturing (excluding tobacco and salt manufacturing).
p. Comprises all full and part-time employees of 600 cooperating establishments in the Philippines who were on the payroll, i.e., who worked during, or received pay for, the pay period ending nearest the 15th of the month. Excluding proprietors, self-employed persons, domestic servants and unpaid workers.
q. Daily average wage rates of all classes of workers.
s. Last day of the period.
t. Average daily earnings in December.
u. 1949.

17. CURRENCY AND BANKING

End of period

Country and item	1948	1953	1954	1955	1956	1957	1957			1958			
							II	III	IV	I	II	Jul	Aug
BURMA (*million kyats*)													
Money supply	499	753	842	1,116	1,343	1,106	1,337	1,211	1,106	1,276[r]	1,283	1,287	1,280
Currency: net active	335	500	567	725	830	746	894	799	746	891[r]	875	861	851
Deposit money	164	253	275	391	513	360	443	412	360	385[r]	408	426	429
Private time deposits	27	52	77	122	103	100	106	108	100	102	108	110	115
Government deposits	53	498	297[r]	248[r]	248	282	204	207	282	360[r]	274	271	296
Union Bank of Burma	53	464	183	130[r]	117	77	46	63	77	133	48	52	59
Commercial Bank[a]	...	34	114[r]	118[r]	131	205	158	144	205	227[r]	227	219	237
Bank clearings △	149	234	241	283	333	...	352	...	...	...	...	...	...
Foreign assets	406	1,058	643	540	652	446	569	501	446	449	548	579	599
Union Bank of Burma[b]	358	991	555	415	535	382	450	431	382	383	473	504	525
Commercial banks	48	67	88	124	117	64	119	70	64	66	75	75	74
Claims on private sector (commercial banks)	73	161	212	216	250	343	406	361	343	359	304	267	258
Claims on government	147	213	543	941	1,020	1,002	1,050	991	1,002	1,225	1,109	1,091	1,111
Union Bank of Burma[c]	139	151	388	652	662	762	802	739	762	849	687	638	601
Commercial banks	8	62	155	289	358	240	248	252	240	376	422	453	510
Rates of interest (*% per annum*)													
Call money rate △	...	1.10	0.98	1.27	0.94	1.42	1.17	1.33	1.83	2.92	1.50	1.00	1.00
Yield of long term gov't bonds[d] △	...	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Exchange rate (selling)	3.309	4.775	4.808	4.778	4.808	4.775	4.795	4.805	4.775	4.760	4.765	4.775	4.780
CAMBODIA (*million riels*)													
Money supply													
Currency: in circulation	...	...	...	999	1,058	1,355	1,392	1,477	1,355	1,498	1,584	1,555	1,549
Demand deposits in commercial banks	...	...	...	1,035	1,104	693	1,343	1,364	693	696	874	843	874
Private time deposits	...	...	...	37	15	84	17	23	84	111	111	96	100
Bank clearings △	...	125	273	446	412	481	511	476	547	564	489	611	476
Foreign assets	...	...	...	1,968	2,559	2,911	3,107	3,235	2,911	3,250	3,367	3,427	3,488
Banque Nationale du Cambodge	...	...	...	1,751	2,454	2,756	2,871	3,060	2,756	3,158	3,291	3,346	3,391
Commercial banks	...	...	...	217	105	155	236	176	155	92	76	81	97
Claims on private sector	...	...	...	329	563	812	807	860	812	905	840	804	782
Claims on government by Banque Nationale du Cambodge	...	...	...	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014
CEYLON (*million rupees*)													
Money supply	607	827	957	1,073	1,127	1,040	1,045	1,046	1,040	1,023	1,018	1,024	1,026
Currency: net active	241	335	342	384	401	435	426	438	435	438	479	480	486
Deposit money	366	492	615	688	726	605	619	607	605	585	544	544	540
Private time deposits	253	387	420	451	509	555	536	557	554	556[r]	576	573	586
Government deposits	...	53	69	116	176	128	104	204	128	144	140	128	126
Central Bank of Ceylon	...	7	16	42	67	12	9	40	12	25	10	10	10
Commercial banks	...	46	53	74	109	116	96	164	116	119	130	117	116
Bank clearings △	391	671	684	758	735	730	728	776	633	651	573	796	723
Bank debits[e] △	...	1,148	1,107	1,060	1,063	1,111	1,134	1,145	911	966	882	1,152	1,041
Foreign assets	636	342	656	880	898	700	720	747	700	716	599	633	645
Central Bank of Ceylon	462	245	524	655	737	591	588	624	591	598	493	509	532
Commercial banks	174	97	132	225	161	109	132	123	109	118	105	124	113
Claims on the private sector (commercial banks)	82	207	247	256	344	399	369	389	399	392	417	402	427
Claims on government	369	788[r]	622[r]	601	682[r]	767[r]	728	806	767[r]	754[r]	871	839	816
Central Bank of Ceylon	...	227[r]	27	18	11	88[r]	73	145	88[r]	81	208	184	170
Other banks	369	561	595[r]	583	671[r]	679[r]	655	661[r]	679[r]	673[r]	663	655	646
Rates of interest (*% per annum*)													
Call money rate △	...	0.96	0.50	0.50	0.50	1.08	0.92	1.50	1.33	1.25	1.34	1.38	1.38
Treasury bill rate △	0.22	1.91	1.59	0.79	0.68	0.88	0.80	1.04	1.14	1.41	1.51	1.56	1.60
Yield of long term gov't bonds[f] △	2.94	3.85	3.79	3.13	3.04	2.99	2.99	2.99	2.99	2.96	2.92	2.90	2.89
Exchange rate (selling)	3.309	4.762	4.795	4.772	4.800	4.765	4.790	4.800	4.765	4.754[r]	4.755	4.770	4.760
CHINA (Taiwan, *million new Taiwan dollars*)													
Money supply	...	1,617	2,103	2,636	3,261	3,938	3,487	3,550	3,938	3,999	4,098	4,130	4,363
Currency: net active	...	1,072	1,340	1,604	1,883	2,228	2,015	2,079	2,228	2,205	2,250	2,315	2,481
Deposit money	...	545	763	1,032	1,378	1,710	1,471	1,472	1,710	1,794	1,848	1,815	1,882
Private time deposits	...	698	887	1,010	1,049	1,473	1,323	1,406	1,473	1,683[r]	1,785	1,935	2,072
Government deposits	...	584	810	998	1,295	1,606	1,683	1,662	1,606	1,714	1,686	1,689	1,700
Bank of Taiwan	...	536	743	826	1,167	1,441	1,543	1,500	1,441	1,520	1,490	1,489	1,495
Other banks	...	48	67	172	128	164	140	162	164	194	196	200	205
Counterpart funds	...	637	631	1,405	1,485	1,678	1,673	1,646	1,678	1,799	1,606	1,637	1,729
Bank clearings △	...	1,740	1,720	2,887	3,857	5,121	4,887	5,361	6,068	5,369	5,787	4,935	4,784
Foreign assets (Bank of Taiwan: net)	...	412	134	504	528	649	890	608	649	791	1,353	1,316	1,285
Claims on private sector[g]	...	816	1,283	2,048	2,286	3,131	2,798	3,064	3,131	3,237	3,394	3,530	3,795
Bank of Taiwan	...	79	167	402	470	731	715	762	731	714	777	803	931
Other banks	...	737	1,116	1,646	1,816	2,400	2,083	2,302	2,400	2,523	2,617	2,727	2,864
Claims on government[h]	...	1,108	1,477	1,687	2,020	2,388	2,311	2,255	2,388	2,465	2,350	2,450	2,483
Bank of Taiwan	...	1,092	1,445	1,652	1,974	2,338	2,254	2,205	2,338	2,409	2,285	2,391	2,423
Other banks	...	16	32	35	46	50	57	50	50	57	65	60	60
Claims on official entities[g]	...	1,342	1,596	1,958	2,475	2,817	2,425	2,736	2,817	2,875	2,815	2,851	2,923
Bank of Taiwan	...	1,257	1,506	1,860	2,385	2,739	2,353	2,663	2,739	2,801	2,733	2,778	2,859
Commercial banks	...	85	90	98	90	78	72	73	78	74	82	74	64

17. CURRENCY AND BANKING *(Cont'd)*

End of period

Country and item	1948	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
CHINA (Taiwan, *million new Taiwan dollars*) *(Cont'd)*													
Call money rate (% *per annum*) △	...	9.00	7.20	7.20	5.70	...	5.40	...	...	...	...	...	...
Exchange rate													
Buying: Sugar, Rice, etc.	...	14.49	15.55	20.35	20.35	20.35	20.35	20.35	20.35	20.35	24.58	24.58	24.58
Other Exports (private)	...	15.55	15.55	26.35	26.35	26.35	26.35	26.35	26.35	26.35	36.08	36.08	36.08
Non-trade (private)	...	15.55	15.55	29.05	29.05	29.05	29.05	29.05	29.05	29.05	36.08	36.08	36.08
Selling: Government Imports	...	15.65	18.78	24.78	24.78	24.78	24.78	24.78	24.78	24.78	24.78	24.78	24.78
Non-trade	...	18.78	18.78	24.78	24.78	24.78	24.78	24.78	24.78	24.78	36.38	36.38	36.38
HONG KONG (*million HK dollars*)													
Money supply													
Currency notes: in circulation	783	802	728	727	732	755	753	757	755	755	754	754	755
Bank clearings △	689	1,035	1,140	1,160	1,276	1,412	1,371	1,401	1,466	1,394	1,300	1,266	1,215
INDIA (*thousand million rupees*)													
Money supply	19.76	17.09	18.32	20.47	21.79	22.76	23.44	22.34	22.76	23.89	23.80	23.50	23.09
Currency: net active	12.70	11.66	12.25	13.86	14.85	15.27	15.63	14.91	15.27	16.07	15.99	15.65	15.43
Deposit money	7.06	5.43	6.08	6.61	6.93	7.49	7.81	7.43	7.49	7.82	7.80	7.86	7.66
Private time deposits	3.13	4.68	5.26	6.13	6.98	8.93	8.01	8.63	8.93	962[r]	10.24	10.54	10.75
Government deposits (Reserve Bank of India)	2.16	1.16	0.60	0.59	0.65	0.59	0.58	0.58	0.59	0.52	0.65	0.76	0.78
Bank clearings △	5.55	5.49	5.58	6.52	7.03	7.41	7.48	6.86	7.28	8.23	7.48	8.32	7.52
Foreign assets (Reserve Bank of India)	10.67	7.63	7.71	7.75	6.48	4.15	5.71	4.70	4.15	3.85	3.35	3.15	3.05
Claims on private sector	4.26	5.47	6.16	7.04	8.84	10.14	10.34	10.08	10.16	11.06	10.88	10.68	10.40
Commercial banks	4.26	5.28	5.95	6.78	8.48	9.59	9.87	9.55	9.61	10.48	10.20	10.00	9.70
Cooperative banks	...	0.19	0.21	0.26	0.36	0.55	0.47	0.53	0.55	0.58	0.68	0.68	0.70
Claims on government	10.78	11.78	12.11	14.05	16.93	21.88	19.82	20.53	21.88	23.64[r]	24.68	25.41	25.27
Reserve Bank of India	4.86	6.06	6.04	7.13	9.82	14.13	12.93	13.15	14.13	15.67	16.20	16.45	15.98
Other banks	4.63	4.58	4.98	5.74	5.96	6.63	5.69	6.27	6.63	6.81[r]	7.28	7.81	8.17
Treasury currency	1.29	1.14	1.09	1.18	1.15	1.12	1.20	1.11	1.12	1.16[r]	1.20	1.15	1.13
Rates of interest (% *per annum*)													
Call money rate △	0.50	2.12	2.35	2.59	3.21	3.27	3.50	3.17	2.92	3.00	...	...	...
Yield of long-term govt. bonds[i] △	...	3.64	3.65	3.72	3.92	4.13	4.07	4.18	4.21	4.23	4.22	4.23	4.19
Exchange rate (selling)	3.309	4.768	4.808	4.778	4.805	4.770	4.793	4.793	4.770	4.753	4.759	4.770	4.778
INDONESIA (*thousand million rupiah*)													
Money supply	2.81	7.49	11.12	12.23	13.39	18.91	15.13	16.88	18.91	19.62	21.65	22.48	...
Currency: net active	1.53	5.22	7.47	8.65	9.37	14.09	10.85	12.54	14.09	13.97	15.42	15.67	...
Deposit money	1.28	2.27	3.64	3.59	4.02	4.82	4.28	4.34	4.82	5.65	6.23	6.81	...
Private time deposits	...	0.27	0.27	0.33	0.29	0.29	0.28	0.28	0.29	0.29	...	...	...
Foreign assets (net)	0.79	2.02	1.73	2.74	1.66	1.26	0.94	1.57	1.26	0.62	1.63	1.70	...
Bank Indonesia (net)	0.55	1.30	1.15	1.95	0.90	0.58	0.56	1.07	0.58	0.29	1.39	1.31	...
Gross foreign assets	0.55	2.40	2.89	3.50	2.89	2.55	2.20	2.75	2.55	2.15	1.92	1.89	1.86
Foreign liabilities[j]	...	1.10	1.74	1.55	1.99	1.97	1.64	1.68	1.97	1.86	0.58	0.50	0.55
Other banks	0.24	0.72	0.58	0.79	0.76	0.68	0.38	0.50	0.68	0.33	0.29	0.31	...
Claims on private sector	0.27	2.40	2.83	4.02	5.05	4.47	4.27	4.64	4.47	4.75	5.58	6.25	...
Bank Indonesia	0.10	0.44	0.46	0.86	1.00	0.74	0.90	0.86	0.74	1.26	1.19	1.71	...
Other banks	0.17	1.96	2.37	3.16	4.05	3.73	3.37	3.78	3.73	3.49	4.39	4.54	...
Claims on government	1.80	5.92	9.26	9.30	11.46	20.77	17.14	18.33	20.77	22.88	...	...	...
Bank Indonesia	0.78	5.40	8.61	8.50	10.58	19.15	15.13	16.77	19.15	21.29	...	...	...
Other banks	0.22	0.02	0.02	0.02	0.02	0.67	1.08	0.64	0.67	0.61	...	...	...
Treasury currency	0.80	0.50	0.63	0.78	0.84	0.95	0.93	0.92	0.95	0.98	...	...	...
Exchange rate:													
Principal export rate	2.65	11.36	11.36	11.36	11.36–13.57	22.7	20.1	20.1	22.7	29.3	30.3	30.3	30.3
Principal import rate	2.66	11.44	11.44	11.48–22.95	11.48–22.95	28.4–42.6	25.1–37.5	25.1–37.5	28.4–42.6	36.6–54.9	37.9–56.8	37.9–56.8	37.9–56.8
Other import rate	...	22.89	15.26–22.89	34.42–57.38	28.68–57.38	56.8–78.1	50.2–68.8	50.2–68.8	56.8–78.1	73.2–100.6	75.8–104.2	75.8–104.2	75.8–104.2
JAPAN (*thousand million yen*)													
Money supply	...	...	2,013	2,331	2,714	2,824	2,437	2,389	2,824	2,547	2,552	...	...
Currency: net active	...	...	523	626	720	750	617	570	749	592	623	...	...
Deposit money	...	...	1,490	1,705	1,994	2,070	1,820	1,819	2,075	1,954	1,929	...	...
Time deposits (other banks)	...	...	2,534	3,064	3,837	4,767	4,276	4,504	4,767	5,026	5,247	...	...
Government deposits	...	...	171	179	210	221	242	253	221	413	245	...	...
Bank of Japan	...	58	67	61	66	46	62	69	46	236	37	...	...
Other banks	...	...	104	118	144	175	180	184	175	177	208	...	...
Bank clearings △	236	2,080	2,430	2,750	3,342	4,264	4,093	4,364	4,806	4,463	4,552	4,750	4,441
Foreign assets	...	...	302	447	457	272	232	225	273	298	322	...	...
Bank of Japan	...	— 19	— 31	170	153	— 6	92	8	— 6	— 9	— 6	...	...
Foreign Exchange Fund	...	297	342	289	355	282	235	259	283	312	331	...	...
Other banks	...	...	— 9	— 12	— 51	— 4	— 95	— 42	— 4	— 5	— 3	...	...
Claims on private sector	...	...	4,164	4,684	5,917	7,253	6,571	6,883	7,253	7,471	7,735	...	...
Claims on government	...	...	264	450	465	471	260	223	471	485	264	...	...
Rates of interest (% *per annum*)													
Call money rate (Tokyo) △	...	7.82	7.84	7.36	6.57	10.94	10.89	12.78	10.95	10.95	10.22	9.49	9.49
Yield of long-term gov't bonds[k] △	...	6.68	7.01	6.33	6.34	6.33	6.33	6.32	6.33	6.32	6.32	...	...
Exchange rate (*par rate*)	...	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0

17. CURRENCY AND BANKING *(Cont'd)*

End of period

Country and item	1948	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
KOREA, southern													
(thousand million hwan)													
Money supply	0.7	33.6	61.9	99.6[r]	136.1[r]	158.4	128.9	136.5	158.4	161.4	165.0	161.9	164.2
Currency: in circulation	0.4	22.4	40.1	58.8	73.4	86.2	61.3	65.8	86.2	74.3	72.9	74.1	79.1
Deposit money	0.3	11.2	21.8	40.8[r]	62.8[r]	72.2	67.6	70.7	72.2	87.0	92.1	87.8	85.1
Uncleared checks and bills	...	2.0	4.2	6.0	15.2	13.2	9.5	11.4	13.2	14.2	15.9	12.9	10.8
Time deposits[m]	...	3.8	5.0	10.0	16.9	17.7	14.8	16.6	17.7	19.7	20.2	20.0	20.0
Bank clearings △	0.2	21.4	51.8	107.4	207.7	201.2	210.8	183.2	209.3	155.6	223.9	249.2	203.3
Government deposits	...	15.9	17.6	33.4	68.0	133.0	111.8	111.2	133.0	132.5	130.4	129.5	141.7
Counterpart funds	...	0.2	16.1	14.2	83.0	115.9	108.1	129.4	115.9	135.9	135.4	119.6	130.6
Foreign assets (Bank of Korea)	...	12.6	8.4	14.2	15.7	23.7	19.6	19.1	23.7	27.2	25.8	27.5	29.3
Gross foreign assets	...	19.6	19.4	47.4	48.6	57.0	52.4	52.0	57.0	60.0	58.4	60.1	62.0
Foreign liabilities[n]	...	4.4	8.5	23.4	23.1	23.5	23.0	23.1	23.5	23.0	22.8	22.8	22.9
Revaluation proceeds	...	2.6	2.5	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Claims on private sector	...	20.8	24.0	42.6	76.6	113.4	84.7	97.5	113.4	115.4	116.0	144.2	141.8
Bank of Korea	...	5.5	2.0	5.5	5.8	5.9	6.0	5.7	5.9	5.8	5.8	5.8	5.7
Other banks	...	15.3	22.0	37.1	70.8	107.5	78.7	91.8	107.5	109.6	110.2	138.4	136.1
Claims on government	...	24.7	68.0	111.4	213.4	304.9	270.3	299.1	304.9	311.6	318.8	305.3	333.5
Bank of Korea	...	24.1	66.9	109.5	209.7	299.9	265.6	294.1	299.9	306.3	313.7	300.1	328.4
Other banks	...	0.6	1.1	1.9	3.7	5.0	4.7	5.0	5.0	5.3	5.1	5.1	5.1
Claims on official entities	...	4.7	0.9	3.5	5.4	9.6	5.1	6.1	9.6	9.6	9.5	9.7	9.7
Bank of Korea	...	1.8	0.5	2.7	4.0	8.0	4.0	4.0	8.0	8.0	8.0	8.0	8.0
Commercial banks	...	2.9	0.4	0.8	1.4	1.6	1.1	2.1	1.6	1.6	1.5	1.7	1.7
Exchange rate (official)	...	180	180	500	500	500	500	500	500	500	500	500	500
MALAYA (Fed. of) and SINGAPORE													
(million Malayan dollars)													
Money supply	...	1,086	1,068	1,267	1,268	1,230	1,227	1,215	1,230	1,210	1,184	*1,181*	1,190
Currency: net active	...	646	711	861	892	889	887	882	889	880	*865*	*861*	861
Deposit money	...	440	357	406	376	341	340	333	341	330	319	320	329
Time deposits	...	221	243	338	317	302	303	292	302	318	322	326	334
Bank debits[p] △	...	...	...	1,438	1,600	1,679	1,602	1,700	1,723	1,679	1,508	1,730	1,621
Foreign assets	...	1,215	1,290	1,541	1,470[r]	1,374[r]	1,395[r]	1,384[r]	1,374[r]	1,317	1,340	1,338	1,346
Currency Board	...	827	892	965	992	1,004	992	989	1,004	1,010	985	981	981
Other banks (net)	...	388	398	576	*478*[r]	*371*	*403*	*395*	*370*	*317*	*355*	*357*	*365*
Claims on private sector	...	179	217	244	292	330	319	328	330	389	370	374	368
Claims on government	...	35	43	37	45	48	50	48	48	49	49	49	49
Exchange rate *(par rate)*	2.13	3.06	3.06	3.06	3.06	3.06	3.06	3.07	3.05	3.04	3.06	3.05	3.06
PAKISTAN *(million rupees)*													
Money supply	2,698	3,568	3,856	4,546	4,933	5,238	5,066	5,034	5,238	5,304	5,367	5,261	5,255
Currency in circulation	1,708	2,372	2,575	2,990	3,464	3,582	3,432	3,316	3,582	3,622	3,627	3,480	3,444
Deposit money	990	1,196	1,281	1,556	1,469	1,655	1,634	1,718	1,655	1,682	1,740	1,782	1,811
Time deposits	460	644	808	889	968	1,082	1,013	1,078	1,082	1,124	1,190	1,208	1,118
Bank clearings[q] △	306	536	555	593	696	761	738	698	821	822	761	721	812
Government deposits	923	216	173	152	432	764	623	730	764	758	817	721	748
Foreign assets (State Bank of Pakistan)[s]	1,629	935	1,038	1,648	1,659	1,268	1,463	1,260	1,268	1,389	1,231	1,128	1,137
Claims on private sector (scheduled banks)	410	802	984	1,183	1,256	1,294	1,149	1,146	1,294	1,327	1,177	1,186	1,212
Claims on government	...	2,280	2,571	2,501	3,056	3,683	3,232	3,446	3,683	3,663	3,900	3,821	3,748
State Bank of Pakistan	250	1,247	1,404	1,205	1,663	2,125	1,800	1,872	2,125	2,064	2,233	2,183	2,129
Other banks	...	820	937	1,036	1,110	1,260	1,148	1,286	1,260	1,296	1,362	*1,341*	*1,327*
Treasury currency	66	213	230	260	283	298	284	288	298	303	305	297	292
Claims on provincial governments	...	98	145	122	117	228	106	106	228	266	219	155	130
State Bank of Pakistan	4	8	53	12	2	119	—	—	119	155	110	46	9
Scheduled banks	...	91	92	110	115	109	106	106	109	111	109	109	121
Rates of interest (% *per annum*)													
Call money rate △	...	1.01	1.30	1.45	2.04	2.03	2.16	1.08	1.99	2.67	1.05	0.50	0.55
Yield of long-term government banks[t] △	...	3.06	3.14	3.15	3.15	3.20	3.19	3.20	3.20	3.20	3.20	3.20	3.20
Exchange rate (selling)	...	3.320	3.340	4.782	4.805	4.778	4.802	4.800	4.778	4.760	4.767	4.778	4.785
PHILIPPINES *(million pesos)*													
Money supply	...	1,224	1,227	1,336	1,499	1,598	1,566	1,546	1,598	1,611	1,638	1,629	1,646
Currency: net active	...	666	677	670	719	782	726	734	782	765	747	750	764
Deposit money	...	558	550	666	780	817	840	813	817	846	891	879	882
Private time deposits	279	461	526	586	658	803	...	...	803	832	850	883	873
Bank clearings △	381	520	550	614	739	876	880	900	876	936	914	957	900
Bank debits[u] △	772	743	815	921	1,145	1,335	1,355	1,368	1,354	...	...	...	...
Government deposits	22	150	132	196	281	169	274	248	169	188	280	245	247
Central Bank of the Philippines	...	55	32	63	112	56	117	96	56	85	187	155	157
Philippine National Bank	22	95	100	133	168	113	158	152	113	102	93	90	90
Foreign assets *(net)*	883	593	545	418	450	201	381	308	201	219	210	209	222
Central Bank	800	481	415	310	322	62	239	178	62	83	83	75	90
Other banks	83	112	130	108	118	139	142	130	139	136	127	134	132

End of period

Country and item	1948	1953	1954	1955	1956	1957	1957 II	1957 III	1957 IV	1958 I	1958 II	1958 Jul	1958 Aug
PHILIPPINES (*million pesos*) (*Cont'd*)													
Claims on private sector (other banks)	...	848	939	1,106	1,254	1,513	...	...	1,513	1,468	1,439	1,494	1,494
Claims on government	40	439	417	577	707	780	699	737	780	815	*901*	*890*	*913*
Central Bank of the Philippines	...	344	304	349	381	632	400	517	632	655	*753*	*735*	*753*
Other banks	40	95	113	228	326	147	299	220	147	161	148	155	161
Claims on official entities	78	124	160	226	268	340	328	310	340	376	427	362	362
Central Bank of the Philippines[v]	...	52	115	185	198	280	239	258	280	306	293	295	302
Other banks	78	71	45	41	68	60	88	52	60	70	134	67	60
Exchange rate (selling)	2.025	2.358–2.015	2.358–2.015	2.358–2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015
THAILAND (*million baht*)													
Money supply	2,881	5,438	6,058	7,195	7,700	8,185	7,697	7,960	8,185	8,343	*7,963*	*7,970*	*8,045*
Currency: net active	2,205	4,016	4,548	5,176	5,419	5,577	5,352	5,529	5,577	5,769	*5,373*	*5,344*	*5,369*
Deposit money	676	1,422	1,510	2,019	2,281	2,608	2,345	2,431	2,608	2,574	*2,589*	*2,626*	*2,677*
Time deposits	292	518	652	824	1,048	1,223	1,120	1,155	1,223	1,242	1,321	1,345	1,356
Government deposits	568	1,221	974	1,110	1,244	1,362	1,554	1,466	1,362	1,401	...	...	...
Bank of Thailand	533	975	693	763	1,132	1,120	1,372	1,274	1,120	1,167	...	...	...
Deposit money banks	35	246	281	347	112	242	182	192	242	234	...	...	...
Bank clearings △	774	2,366	2,230	2,598	2,816	3,095	3,036	3,066	3,115	3,479	3,500	3,586	3,284
Foreign assets	2,180	1,159	193	2,643	2,922	3,269	3,091	3,217	3,269	3,412	3,226	3,120	3,288
Bank of Thailand	2,180	3,782	3,426	4,585	4,840	5,172	4,994	5,120	5,172	5,315	5,129	5,023	5,191
Exchange Fund	—	—	—	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260
Profits on exchange	—	2,623	3,233	3,202	3,178	3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163
Claims on private sector	449	1,978	2,281	3,000	3,440	4,084	4,014	4,098	4,084	4,380	4,484	4,496	4,640
Claims on government	1,497	5,221	6,520	5,724	6,147	6,277	6,172	...	6,280	...	...	...	...
Bank of Thailand	1,186	4,965	6,340	5,452	5,854	5,934	5,908	5,907	5,936	5,959	5,778	5,719	5,838
Deposit money banks	311	256	180	272	293	343	264	...	344	...	...	...	...
Treasury bill rate (*% per annum*) △	1.32	2.25	2.27	2.26	2.28	2.27	2.26	2.25	2.27	2.76	2.99	2.97	2.99
Exchange rate (selling)	19.60	21.16	20.88	20.91	20.66	20.90	20.77	20.78	20.90	20.85	20.97	21.00	21.04
VIET-NAM (southern, *thousand million piastre*)													
Money supply	...	...	...	12.32	12.43	12.10	11.90	11.52	12.10	...	...	...	...
Currency: net active	...	...	...	6.78	8.34	8.06	8.20	7.86	8.06	8.45	...	...	...
Deposit money	...	...	...	5.55	4.09	4.05	3.70	3.65	4.05	...	...	...	...
Time deposits	...	...	...	0.59	1.36	0.95	1.57	1.28	0.95	1.19	...	...	...
Bank clearings △	...	...	...	3.13	2.86	3.20	3.11	3.30	3.52	3.16	3.50	4.32	2.81
Foreign assets	...	...	...	4.52	4.71	5.52	5.00	5.23	5.52	5.10	6.19	6.22	6.36
Banque Nationale du Viet-Nam	...	...	1.05	4.36	4.61	4.82	4.50	4.75	4.82	4.44	5.54	5.56	5.66
Other banks (net)	...	...	...	0.16	0.10	0.70	0.50	0.48	0.70	0.66	0.65	0.66	0.70
Claims on private sector	...	...	...	1.43	1.72	2.82	2.73	2.90	2.82	2.88	2.80	2.72	2.68
Claims on government	...	...	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68
Banque Nationale du Viet-Nam	...	...	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68
Exchange rate: Principal rate[r]	...	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
Invisibles rate	—	—	—	—	—	73.00	73.50	71.50	73.00	72.00	71.33	72.00	73.50

GENERAL NOTE: *Net active currency:* Total currency outstanding less holdings in all banks including the central bank and in government treasuries. *Currency in circulation:* Total currency outstanding less holdings in all banks including the central bank. *Deposit money:* Private deposits in all banks, subject to cheque or withdrawable on demand, excluding inter-bank liabilities. *Government deposits:* Including government currency holdings. *Bank clearings:* Total value of cheques and other collection items cleared through clearing houses. *Claims on private sector:* Claims by the banking system arising from the rendering of loans and advances, discounting of bills, the holding of securities in private companies, etc. *Claims on government:* Holdings of government bonds, treasury bills and government guaranteed securities by the banking system, plus circulation of treasury currency. *Rates of interest:* Rates prevailing in the capital city, except for India, where Bombay rates are used. *Call money rate* is inter-bank rate on money at call. *Exchange rates* are shown in unit of national currency per US dollar.

△ Monthly averages or calendar months.

a. Deposits of State Boards in State Commercial Bank (excluding the State Agricultural Bank).

b. Including foreign assets of the Burma Currency Board up to July 1952.

c. Including a constant amount of 99 million kyats, which is the value of a promissory note issued as cover for the currency issue.

d. 5 year treasury bonds.

e. Debits to demand deposits of private sector.

f. 3% national development loan 1965-1970 to earliest redemption date.

g. Including bank's holdings of stocks and debentures.

h. Including the counterpart of post office demand deposits.

i. Running yield of 3% paper to earliest redemption date.

j. Payments agreement liabilities, mainly to Japan and the Netherlands.

k. Weighted yield (simple rate of interest) to latest redemption date of medium dated government bonds issued during the period stated.

m. Including deposits of local government and government institutions in commercial banks and non-governmental foreign currency deposits in Bank of Korea.

n. Clearing accounts with Japan.

p. Cheques sent out for local clearing and debits to current deposit accounts.

q. The number of clearing houses was increased in 1952 and 1953.

s. Including outstanding assets receivable from the Reserve Bank of India under the partition agreements; excluding foreign assets of Banking Department from 1952.

t. Yield to maturity of 3% bonds 1968.

u. Total debits to checking account of private sector, except for 1948 when debits to government deposits are included.

v. Including a constant amount of 107 million pesos from 1952, representing the difference between foreign assets transferred from the Treasury and its note and coin issue, for which the Bank assumed liability.

UNITED NATIONS

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